

CONFIRMATIONS

Executive nominations confirmed by the Senate May 17 (legislative day of May 15), 1933

SOLICITOR OF LABOR

Charles Wyzanski, Jr., to be Solicitor of Labor.

COMMISSIONER OF THE GENERAL LAND OFFICE

Fred W. Johnson to be Commissioner of the General Land Office.

UNITED STATES ATTORNEY

George E. Hoffman, to be United States attorney, northern district of Florida.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 17, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Heavenly Father, Thou who art crowned with glory and dominion, with infinite love and compassion toward all men and nations, Thou art our God. At Thy feet we lift our hearts and pray for that day for which the prophets, the apostles, and the martyrs labored and died, and for which we long and wait. O sacred moment, O hallowed spot! Lord God of hosts, the heart of the world has been made a common, a crimsoned, and a bloody roadway for man's inhumanity to man. O it must not murder, it must not rob, it must not leave in misery any of Thy children of whatever land or race. Hear us for its redemption from the barbarities and the cruelties of warfare. Awaken the whole earth from its nightmare of wrath and hate and from its threatened quicksand of destruction and ruin. Be Thou, Almighty God, a bountiful Providence to our President as he seeks to hold the gates, and put into the skies of all lands the star of hope and the bow of promise. O breath of the Most High, breathe upon him and our country. Reign, reign, Thou art the King of Kings and the Lord of Lords, and unto Thee be eternal praises. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed to the report of the Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5081) entitled "An act to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development."

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 753) entitled "An act to confer the degree of bachelor of science upon graduates of the Naval Academy", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TRAMMELL, Mr. RUSSELL, and Mr. HALE to be the conferees on the part of the Senate.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I call up the conference report on the bill (H.R. 5081) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from South Carolina asks unanimous consent that the statement of the managers be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5081) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter inserted by the Senate insert the following:

"That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the 'Tennessee Valley Authority' (hereinafter referred to as the 'Corporation'). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the 'Tennessee Valley Authority Act of 1933.'

"Sec. 2. (a) The board of directors of the Corporation (hereinafter referred to as the 'board') shall be composed of three members, to be appointed by the President, by and with the advice and consent of the Senate. In appointing the members of the board, the President shall designate the chairman. All other officials, agents, and employees shall be designated and selected by the board.

"(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, 1 at the end of the third year, 1 at the end of the sixth year, and 1 at the end of the ninth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring 9 years from the date of the expiration of the term for which his predecessor was appointed.

"(c) Any member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(d) Vacancies in the board so long as there shall be 2 members in office shall not impair the powers of the board to execute the functions of the Corporation, and 2 of the members in office shall constitute a quorum for the transaction of the business of the board.

"(e) Each of the members of the board shall be a citizen of the United States, and shall receive a salary at the rate of \$10,000 a year, to be paid by the Corporation as current expenses. Each member of the board, in addition to his salary, shall be permitted to occupy as his residence one of the dwelling houses owned by the Government in the vicinity of Muscle Shoals, Ala., the same to be designated by the President of the United States. Members of the board shall be reimbursed by the Corporation for actual expenses (including traveling and subsistence expenses) incurred by them in the performance of the duties vested in the board by this act. No member of said board shall, during his continuance in office, be engaged in any other business, but each member shall devote himself to the work of the Corporation.

"(f) No director shall have financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor

shall any member have any interest in any business that may be adversely affected by the success of the Corporation as a producer of concentrated fertilizers or as a producer of electric power.

"(g) The board shall direct the exercise of all the powers of the Corporation.

"(h) All members of the board shall be persons who profess a belief in the feasibility and wisdom of this act.

"Sec. 3. The board shall without regard to the provisions of Civil Service laws applicable to officers and employees of the United States, appoint such managers, assistant managers, officers, employees, attorneys, and agents, as are necessary for the transaction of its business, fix their compensation, define their duties, require bonds of such of them as the board may designate, and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed in the discretion of the board. No regular officer or employee of the Corporation shall receive a salary in excess of that received by the members of the board.

"All contracts to which the Corporation is a party and which require the employment of laborers and mechanics in the construction, alteration, maintenance, or repair of buildings, dams, locks, or other projects shall contain a provision that not less than the prevailing rate of wages for work of a similar nature prevailing in the vicinity shall be paid to such laborers or mechanics.

"In the event any dispute arises as to what are the prevailing rates of wages, the question shall be referred to the Secretary of Labor for determination, and his decision shall be final. In the determination of such prevailing rate or rates, due regard shall be given to those rates which have been secured through collective agreement by representatives of employers and employees.

"Where such work as is described in the two preceding paragraphs is done directly by the Corporation the prevailing rate of wages shall be paid in the same manner as though such work had been let by contract.

"Insofar as applicable the benefits of the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this act.

"Sec. 4. Except as otherwise specifically provided in this act, the Corporation—

"(a) Shall have succession in its corporate name.

"(b) May sue and be sued in its corporate name.

"(c) May adopt and use a corporate seal, which shall be judicially noticed.

"(d) May make contracts, as herein authorized.

"(e) May adopt, amend, and repeal bylaws.

"(f) May purchase or lease and hold such real and personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

"The board shall select a treasurer and as many assistant treasurers as it deems proper, which treasurer and assistant treasurers shall give such bonds for the safe keeping of the securities and moneys of the said Corporation as the board may require: *Provided*, That any member of said board may be removed from office at any time by a concurrent resolution of the Senate and the House of Representatives.

"(g) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation.

"(h) Shall have power in the name of the United States of America to exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States of America, and thereupon all such real estate shall be entrusted to the Corporation as the agent of the United States to accomplish the purposes of this act.

"(i) Shall have power to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures, and navigation projects at any point along the Tennessee River, or any of its tributaries, and in the event that the owner or owners of such property shall fail and refuse to sell to the Corporation at a price deemed fair and reasonable by the board, then the Corporation may proceed to exercise the right of eminent domain, and to condemn all property that it deems necessary for carrying out the purposes of this act, and all such condemnation proceedings shall be had pursuant to the provisions and requirements hereinafter specified, with reference to any and all condemnation proceedings.

"(j) Shall have power to construct dams, reservoirs, power houses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power installations into one or more systems by transmission lines.

"Sec. 5. The board is hereby authorized—

"(a) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of that produced by Government plants. Such contracts may provide either for outright purchase of materials by the board or only for the payment of carrying charges on special materials manufactured at the board's request for its program.

"(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce.

"(c) To cooperate with National, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

"(d) The board in order to improve and cheapen the production of fertilizer is authorized to manufacture and sell fixed nitrogen, fertilizer, and fertilizer ingredients at Muscle Shoals by the employment of existing facilities, by modernizing existing plants, or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen or the cheapening of the production of fertilizer.

"(e) Under the authority of this act the board may make donations or sales of the product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct, for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of their use.

"(f) The board is authorized to make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants.

"(g) In the event it is not used for the fixation of nitrogen for agricultural purposes, or leased, then the board shall maintain in stand-by condition nitrate plant no. 2, or its equivalent, for the fixation of atmospheric nitrogen, for the production of explosives in the event of war or a national emergency, until the Congress shall by joint resolution release the board from this obligation, and if any part thereof be used by the board for the manufacture of phosphoric acid or potash, the balance of nitrate plant no. 2 shall be kept in stand-by condition.

"(h) To establish, maintain, and operate laboratories and experimental plants, and to undertake experiments for the purpose of enabling the corporation to furnish nitrogen products for military purposes, and nitrogen and other fertilizer products for agricultural purposes in the most economical manner and at the highest standard of efficiency.

"(i) To request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Corporation the better to carry out its powers successfully, and as

far as practicable shall utilize the services of such officers, agents, and employees, and the President shall, in his opinion the public interest, service, or economy so require, direct that such assistance, advice, and service be rendered to the Corporation, and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board: *Provided*, That any invention or discovery made by virtue of and incidental to such service by an employee of the Government of the United States serving under this section, or by any employee of the Corporation, together with any patents which may be granted thereon, shall be the sole and exclusive property of the Corporation, which is hereby authorized to grant such licenses thereunder as shall be authorized by the board: *Provided further*, That the board may pay to such inventor such sum from the income from sale of licenses as it may deem proper.

"(j) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

"(k) Upon the requisition of the Secretary of War the Corporation shall allot and deliver without charge to the War Department so much power as shall be necessary in the judgment of said Department for use in operation of all locks, lifts, or other facilities in aid of navigation.

"(l) To produce, distribute, and sell electric power, as herein particularly specified.

"(m) No products of the Corporation shall be sold for use outside of the United States, its Territories and possessions, except to the United States Government for the use of its Army and Navy, or to its allies in case of war.

"(n) The President is authorized, within 12 months after the passage of this act, to lease to any responsible farm organization or to any corporation organized by it nitrate plant no. 2 and Waco Quarry, together with the railroad connecting said quarry with nitrate plant no. 2, for a term not exceeding 50 years at a rental of not less than \$1 per year, but such authority shall be subject to the express condition that the lessee shall use said property during the term of said lease exclusively for the manufacture of fertilizer and fertilizer ingredients to be used only in the manufacture of fertilizer by said lessee and sold for use as fertilizer. The said lessee shall covenant to keep said property in first-class condition, but the lessee shall be authorized to modernize said plant no. 2 by the installation of such machinery as may be necessary, and is authorized to amortize the cost of said machinery and improvements over the term of said lease or any part thereof. Said lease shall also provide that the board shall sell to the lessee power for the operation of said plant at the same schedule of prices that it charges all other customers for power of the same class and quantity. Said lease shall also provide that, if the said lessee does not desire to buy power of the publicly owned plant, it shall have the right to purchase its power for the operation of said plant of the Alabama Power Co. or any other publicly or privately owned corporation engaged in the generation and sale of electric power, and in such case the lease shall provide further that the said lessee shall have a free right of way to build a transmission line over Government property to said plant, paying the actual expenses and damages, if any, incurred by the Corporation on account of such line. Said lease shall also provide that the said lessee shall covenant that during the term of said lease the said lessee shall not enter into any illegal monopoly, combination, or trust with any privately owned corporation engaged in the manufacture, production, and sale of fertilizer with the object or effect of increasing the price of fertilizer to the farmer.

"SEC. 6. In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said

board who is found by the President of the United States to be guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is found by the board to be guilty of a violation of this section shall be removed from office by said board.

"SEC. 7. In order to enable the Corporation to exercise the powers and duties vested in it by this act—

"(a) The exclusive use, possession, and control of the United States nitrate plants nos. 1 and 2, including steam plants located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco limestone quarry, in Alabama, and Dam No. 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof, and all other property to be acquired by the Corporation in its own name or in the name of the United States of America, are hereby intrusted to the Corporation for the purposes of this act.

"(b) The President of the United States is authorized to provide for the transfer to the Corporation of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Corporation as herein stated.

"SEC. 8. (a) The Corporation shall maintain its principal office in the immediate vicinity of Muscle Shoals, Ala. The Corporation shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

"(b) The Corporation shall at all times maintain complete and accurate books of accounts.

"(c) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this act.

"SEC. 9. (a) The board shall file with the President and with the Congress, in December of each year, a financial statement and a complete report as to the business of the Corporation covering the preceding governmental fiscal year. This report shall include an itemized statement of the cost of power at each power station, the total number of employees, and the names, salaries, and duties of those receiving compensation at the rate of more than \$1,500 a year.

"(b) The Comptroller General of the United States shall audit the transactions of the Corporation at such times as he shall determine, but not less frequently than once each governmental fiscal year, with personnel of his selection. In such connection he and his representatives shall have free and open access to all papers, books, records, files, accounts, plants, warehouses, offices, and all other things, property and places belonging to or under the control of or used or employed by the Corporation, and shall be afforded full facilities for counting all cash and verifying transactions with and balances in depositaries. He shall make report of each such audit in quadruplicate, 1 copy for the President of the United States, 1 for the chairman of the board, 1 for public inspection at the principal office of the Corporation, and the other to be retained by him for the uses of the Congress. The expenses of each such audit may be paid from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the Corporation as billed by the Comptroller General. All such audit expenses shall be charged to operating expenses of the Corporation. The Comptroller General shall make special report to the Presi-

dent of the United States and to the Congress of any transaction or condition found by him to be in conflict with the powers or duties intrusted to the Corporation by law.

"SEC. 10. The board is hereby empowered and authorized to sell the surplus power not used in its operations, and for operation of locks and other works generated by it, to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth; and to carry out said authority, the board is authorized to enter into contracts for such sale for a term not exceeding 20 years, and in the sale of such current by the board it shall give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 5 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities. In order to promote and encourage the fullest possible use of electric light and power on farms within reasonable distance of any of its transmission lines the board in its discretion shall have power to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates, and to make such rules and regulations governing such sale and distribution of such electric power as in its judgment may be just and equitable: *Provided further*, That the board is hereby authorized and directed to make studies, experiments, and determinations to promote the wider and better use of electric power for agricultural and domestic use, or for small or local industries, and it may cooperate with State governments, or their subdivisions or agencies, with educational or research institutions, and with cooperatives or other organizations, in the application of electric power to the fuller and better balanced development of the resources of the region.

"SEC. 11. It is hereby declared to be the policy of the Government so far as practical to distribute and sell the surplus power generated at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance. This policy is further declared to be that the projects herein provided for shall be considered primarily as for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity. It is further hereby declared to be the policy of the Government to utilize the Muscle Shoals properties so far as may be necessary to improve, increase, and cheapen the production of fertilizer and fertilizer ingredients by carrying out the provisions of this act.

"SEC. 12. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power, it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power, or from funds secured by the sale of bonds hereafter provided for, to construct, lease, purchase, or authorize the construction of transmission lines within transmission distance from the place where generated, and to interconnect with other systems. The board is also authorized to lease to any person, persons, or corporation the use of any transmission line owned by the Government and operated by the board, but no such lease shall be made that in any way interferes with the use of such transmission line by the board: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two

or more of such municipalities or organizations, shall construct or agree to construct and maintain a properly designed and built transmission line to the Government reservation upon which is located a Government generating plant, or to a main transmission line owned by the Government or leased by the board and under the control of the board, the board is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 30 years; and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the Corporation and any municipality or other political subdivision or cooperative organization shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be voidable at the election of the board if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision or cooperative organization: *And provided further*, That as to any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the board shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be made to the ultimate consumer of such electric power at prices that shall not exceed a schedule fixed by the board from time to time as reasonable, just, and fair; and in case of any such sale, if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the board, the contract for such sale between the board and such distributor of electricity shall be voidable at the election of the board: *And provided further*, That the board is hereby authorized to enter into contracts with other power systems for the mutual exchange of unused excess power upon suitable terms, for the conservation of stored water, and as an emergency or break-down relief.

"SEC. 13. Five percent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from any other hydropower plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 percent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam located in the State of Tennessee, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much additional power is thereby generated at Dam No. 2 and at any other dam hereafter constructed by the Government of the United States on the Tennessee River, in the State of Alabama, or in the State of Tennessee, and from the gross proceeds of the sale of such additional power 2½ percent shall be paid to the State of Alabama and 2½ percent to the State of Tennessee. These percentages shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is incidental to the operation of such flood-control dam. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee, the board shall not take into consideration the proceeds of any power sold or delivered to the Government of the United States, or any department or agency of the Government of the United States, used in the operation of any locks on the Tennessee River or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose: *Provided*, That the percentages

to be paid to the States of Alabama and Tennessee, as provided in this section, shall be subject to revision and change by the board, and any new percentages established by the board, when approved by the President, shall remain in effect until and unless again changed by the board with the approval of the President. No change of said percentages shall be made more often than once in 5 years, and no change shall be made without giving to the States of Alabama and Tennessee an opportunity to be heard.

"Sec. 14. The board shall make a thorough investigation as to the present value of Dam No. 2, and the steam plants at nitrate plant no. 1, and nitrate plant no. 2, and as to the cost of Cove Creek Dam, for the purpose of ascertaining how much of the value or the cost of said properties shall be allocated and charged up to (1) flood control, (2) navigation, (3) fertilizer, (4) national defense, and (5) the development of power. The findings thus made by the board, when approved by the President of the United States, shall be final, and such findings shall thereafter be used in all allocation of value for the purpose of keeping the book value of said properties. In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained and allocated.

"Sec. 15. In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power, the board is hereby authorized and empowered to issue on the credit of the United States and to sell serial bonds not exceeding \$50,000,000 in amount, having a maturity not more than 50 years from the date of issue thereof, and bearing interest not exceeding 3½ percent per annum. Said bonds shall be issued and sold in amounts and prices approved by the Secretary of the Treasury, but all such bonds as may be so issued and sold shall have equal rank. None of said bonds shall be sold below par, and no fee, commission, or compensation whatever shall be paid to any person, firm, or corporation for handling, negotiating the sale, or selling the said bonds. All of such bonds so issued and sold shall have all the rights and privileges accorded by law to Panama Canal bonds, authorized by section 8 of the act of June 28, 1902, chapter 1302, as amended by the act of December 21, 1905 (ch. 3, sec. 1, 34 Stat. 5), as now compiled in section 743 of title 31 of the United States Code. All funds derived from the sale of such bonds shall be paid over to the Corporation.

"Sec. 16. The board, whenever the President deems it advisable, is hereby empowered and directed to complete Dam No. 2 at Muscle Shoals, Ala., and the steam plant at nitrate plant no. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant no. 2.

"Sec. 17. The Secretary of War, or the Secretary of the Interior, is hereby authorized to construct, either directly or by contract to the lowest responsible bidder, after due advertisement, a dam in and across Clinch River in the State of Tennessee, which has by long custom become known and designated as the Cove Creek Dam, together with a transmission line from Muscle Shoals, according to the latest and most approved designs, including power house and hydroelectric installations and equipment for the generation of power, in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam: *Provided, however*, That the President is hereby authorized by appropriate order to direct the employment by the Secretary of War, or by the Secretary of the Interior, of such engineer or engineers as he may designate, to perform such duties and obligations as he may deem proper, either in the drawing of plans and specifications for said dam, or to perform any

other work in the building or construction of the same. The President may, by such order, place the control of the construction of said dam in the hands of such engineer or engineers taken from private life as he may desire: *And provided further*, That the President is hereby expressly authorized, without regard to the restriction or limitation of any other statute, to select attorneys and assistants for the purpose of making any investigation he may deem proper to ascertain whether, in the control and management of Dam No. 2, or any other dam or property owned by the Government in the Tennessee River Basin, or in the authorization of any improvement therein, there has been any undue or unfair advantage given to private persons, partnerships, or corporations, by any officials or employees of the Government, or whether in any such matters the Government has been injured or unjustly deprived of any of its rights.

"Sec. 18. In order to enable and empower the Secretary of War, the Secretary of the Interior, or the board to carry out the authority hereby conferred, in the most economical and efficient manner, he or it is hereby authorized and empowered in the exercise of the powers of national defense, in aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain for all purposes of this act, and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam, and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies and with railroads, railroad corporations, common carriers, and all public-utility commissions and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the Corporation for use and operation in connection with the general Tennessee Valley project, and to promote flood control and navigation in the Tennessee River.

"Sec. 19. The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulas and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the Corporation shall have as the exclusive remedy a cause of action against the Corporation to be instituted and prosecuted on the equity side of the appropriate district court of the United States, for the recovery of reasonable compensation for such infringement. The Commissioner of Patents shall furnish to the Corporation, at its request and without payment of fees, copies of documents on file in his office: *Provided*, That the benefits of this section shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by such employee during the time of his employment or service with the Corporation or with the Government of the United States.

"Sec. 20. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives or for other war purposes; but, if this right is exercised by the Government, it

shall pay the reasonable and fair damages that may be suffered by any party whose contract for the purchase of electric power or fixed nitrogen or fertilizer ingredients is hereby violated, after the amount of the damages has been fixed by the United States Court of Claims in proceedings instituted and conducted for that purpose under rules prescribed by the court.

"Sec. 21. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States shall apply to the moneys and property of the Corporation and to moneys and properties of the United States intrusted to the corporation.

"(b) Any person who, with intent to defraud the Corporation, or to deceive any director, officer, or employee of the Corporation or any officer or employee of the United States, (1) makes any false entry in any book of the Corporation, or (2) makes any false report or statement for the Corporation, shall, upon conviction thereof, be fined not more than \$10,000, or imprisoned not more than 5 years, or both.

"(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than \$5,000, or imprisoned not more than 5 years, or both.

"Sec. 22. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent to this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized, by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds, or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby, or subdivisions or agencies of such States, or with cooperative or other organizations, and to make such studies, experiments, or demonstrations as may be necessary and suitable to that end.

"Sec. 23. The President shall, from time to time, as the work provided for in the preceding section progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section, and for the especial purpose of bringing about in said Tennessee drainage basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the economic and social well-being of the people living in said river basin.

"Sec. 24. For the purpose of securing any rights of flowage, or obtaining title to or possession of any property, real or personal, that may be necessary or may become necessary, in the carrying out of any of the provisions of this act, the President of the United States for a period of 3 years from the date of the enactment of this act, is hereby authorized to acquire title in the name of the United States to such rights or such property, and to provide for the payment for same by directing the board to contract to deliver power generated at any of the plants now owned or hereafter owned or constructed by the Government or by said

Corporation, such future delivery of power to continue for a period not exceeding 30 years. Likewise, for 1 year after the enactment of this act, the President is further authorized to sell or lease any parcel or part of any vacant real estate now owned by the Government in said Tennessee River Basin, to persons, firms, or corporations who shall contract to erect thereon factories or manufacturing establishments, and who shall contract to purchase of said Corporation electric power for the operation of any such factory or manufacturing establishment. No contract shall be made by the President for the sale of any of such real estate as may be necessary for present or future use on the part of the Government for any of the purposes of this act. Any such contract made by the President of the United States shall be carried out by the board: *Provided*, That no such contract shall be made that will in any way abridge or take away the preference right to purchase power given in this act to States, counties, municipalities, or farm organizations: *Provided further*, That no lease shall be for a term to exceed 50 years: *Provided further*, That any sale shall be on condition that said land shall be used for industrial purposes only.

"Sec. 25. The Corporation may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights of way which, in the opinion of the Corporation, are necessary to carry out the provisions of this act. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right of way, or other interest, or any part thereof, is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America.

"Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners who shall be disinterested persons and who shall take and subscribe an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said project, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not to exceed \$15 for their services, together with an additional amount of \$5 per day for subsistence for time actually spent in performing their duties as commissioners.

"It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpoena witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court the clerk of said court shall give notice of the filing of such award to the parties to said proceeding, in manner and form as directed by the judge of said court.

"Either or both parties may file exceptions to the award of said commissioners within 20 days from the date of the filing of said award in court. Exceptions filed to such award shall be heard before three Federal district judges unless the parties, in writing, in person, or by their attorneys, stipulate that the exceptions may be heard before a lesser number of judges. On such hearing such judges shall pass de novo upon the proceedings had before the commissioners, may view the property, and may take additional evidence. Upon such hearings the said judges shall file their own

award, fixing therein the value of the property sought to be condemned, regardless of the award previously made by the said commissioners.

"At any time within 30 days from the filing of the decision of the district judges upon the hearing on exceptions to the award made by the commissioners, either party may appeal from such decision of the said judges to the circuit court of appeals, and the said circuit court of appeals shall upon the hearing on said appeal dispose of the same upon the record, without regard to the awards or findings theretofore made by the commissioners or the district judges, and such circuit court of appeals shall thereupon fix the value of the said property sought to be condemned.

"Upon acceptance of an award by the owner of any property herein provided to be appropriated, and the payment of the money awarded or upon the failure of either party to file exceptions to the award of the commissioners within the time specified, or upon the award of the commissioners, and the payment of the money by the United States pursuant thereto, or the payment of the money awarded into the registry of the court by the Corporation, the title to said property and the right to the possession thereof shall pass to the United States, and the United States shall be entitled to a writ in the same proceeding to dispossess the former owner of said property, and all lessees, agents, and attorneys of such former owner, and to put the United States, by its corporate creature and agent, the Corporation, into possession of said property.

"In the event of any property owned in whole or in part by minors, or insane persons, or incompetent persons, or estates of deceased persons, then the legal representatives of such minors, insane persons, incompetent persons, or estates shall have power, by and with the consent and approval of the trial judge in whose court said matter is for determination, to consent to or reject the awards of the commissioners herein provided for, and in the event that there be no legal representatives, or that the legal representatives for such minors, insane persons, or incompetent persons shall fail or decline to act, then such trial judge may, upon motion, appoint a guardian ad litem to act for such minors, insane persons, or incompetent persons, and such guardian ad litem shall act to the full extent and to the same purpose and effect as his ward could act, if competent, and such guardian ad litem shall be deemed to have full power and authority to respond, to conduct, or to maintain any proceeding herein provided for affecting his said ward.

"Sec. 26. The net proceeds derived by the board from the sale of power and any of the products manufactured by the Corporation, after deducting the cost of operation, maintenance, depreciation, amortization, and an amount deemed by the board as necessary to withhold as operating capital, or devoted by the board to new construction, shall be paid into the Treasury of the United States at the end of each calendar year.

"Sec. 27. All appropriations necessary to carry out the provisions of this act are hereby authorized.

"Sec. 28. That all acts or parts of acts in conflict herewith are hereby repealed, so far as they affect the operations contemplated by this act.

"Sec. 29. The right to alter, amend, or repeal this act is hereby expressly declared and reserved, but no such amendment or repeal shall operate to impair the obligation of any contract made by said Corporation under any power conferred by this act.

"Sec. 30. The sections of this act are hereby declared to be separable, and in the event any one or more sections of this act be held to be unconstitutional, the same shall not affect the validity of other sections of this act."

And the Senate agree to the same.

Amend the title as proposed by the Senate so as to read: "An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national

defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes"; and the House agree to the same.

JOHN J. McSWAIN,
LISTER HILL,

Managers on the part of the House.

E. D. SMITH,
JOHN B. KENDRICK,
B. K. WHEELER,
G. W. NORRIS,
CHAS. L. McNARY,

Managers on the part of the Senate.

STATEMENT

It will be noted from a reading of the conference amendment, the Senate amendment, and the House bill, hereinafter set out, that the mechanics of the House bill and the Senate amendment were substantially the same and in most instances were embodied in identical language.

The House bill provided, however, for liability to make compensation under the Federal Employees' Liability Compensation Act for all employees of the Corporation sustaining hurt or injury and there was no similar provision in the Senate amendment. The Senate conferees agreed to the insertion of same in the conference amendment.

There was a provision in the House bill for the protection of laborers to apply in all construction contracts made by the Corporation. No similar provision was carried in the Senate amendment, but the Senate conferees agreed to the insertion of the provision in the conference amendment as to prevailing wage scale.

Direct and specific authority for the Corporation to construct in the future any and all dams needed on the Tennessee River and its tributaries was carried in the House bill. There was a question as to whether the implied authority for the construction of such dams was sufficient as carried in the Senate amendment, and the provision of the House bill was inserted in the conference amendment to insure future development.

The House bill provided that all property hereafter to be acquired by purchase, condemnation, construction, or otherwise should be intrusted to the Corporation as the agent of the United States, and this provision was inserted in the conference amendment.

The Senate amendment limited the suability of the Corporation solely to suits for the enforcement of contracts and the defense of property. The House bill placed no limitations whatever upon the suability of the Corporation, so that all persons who had a cause of action against the Corporation might have their day in court. The House provision was written into the conference amendment in the interest of justice.

A most important provision in the House bill was the one requiring that nitrate plant no. 2, the big nitrate plant, be kept in stand-by condition for war purposes, in the event it was not being operated for the fixation of nitrogenous fertilizer. There was no similar provision in the Senate amendment, and the House provision was incorporated in the conference amendment. This safeguards national defense.

The House bill and the Senate amendment both declared it to be the policy to utilize the Muscle Shoals properties to improve and cheapen the production of fertilizer and fertilizer ingredients. But the House bill went further and declared it also to be the policy to "increase" the production of fertilizer and fertilizer ingredients, and this was written into the conference amendment. The provisions of the House bill and the Senate amendment with reference to experimentation in the production of fertilizer and fertilizer ingredients were substantially the same. The conference amendment gives the board full authority to manufacture and sell fertilizer and fertilizer ingredients by the use of existing plants or by modernizing existing plants and by building new plants or by any process or processes the board may select and in such amounts as the board may determine.

A similar provision was carried in the House bill and there was also in the House bill a provision requiring the board to operate either one of the two nitrate plants if such operation was in the judgment of both the board and the President feasible and economically justifiable. Agreement in conference leaves it discretionary with the board to decide how much fertilizer it will make and sell, what kind of fertilizer it will make, and what methods, processes, or plant or plants it will use.

With reference to leasing, the House bill authorized the leasing of nitrate plant no. 2 to any person, firm, or corporation but made no provision with reference to a nominal rental and imposed certain very specific conditions and limitations on the lessee. The Senate amendment authorized the leasing of nitrate plant no. 2 to the American Farm Bureau Federation only and imposed certain very specific conditions and limitations on the lessee. The conference amendment authorizes the leasing of nitrate plant no. 2 to any "farm organization or corporation organized by it" at a nominal rental and with no conditions or limitations on the lessee except that the plant be used to manufacture fertilizer. The manufactured fertilizer being seasonal, it is thought that a farm organization or its corporate agent can with the nominal rental and with the use of very cheap secondary power operate nitrate plant no. 2 in a most effective and successful manner for the benefit of agriculture.

The provision in the Senate amendment giving 5 percent of the gross proceeds from the sale of power to the States of Tennessee and Alabama in lieu of taxes was modified in conference by limiting the 5 percent to the gross proceeds derived from hydro power, and eliminated payment from any proceeds derived from the sale of steam or any other power.

With reference to power, the provision in the House bill dedicating the power projects primarily for the benefit of domestic and rural consumers was incorporated in the conference amendment. The language of the Senate amendment with reference to the construction of transmission lines was retained in the conference amendment. It will be remembered that the provision in the House bill requiring the board to negotiate for the use of private lines before constructing its own transmission lines laid down no specifications whatever as to just what these negotiations should be, and in no way required the board to conduct indefinite negotiations, but left the matter of the extent of the negotiations entirely to the discretion of the board. It must be remembered that the requirement in the beginning of section 13 of the House bill that the board first seek to make satisfactory contracts to purchase existing transmission lines or to make satisfactory arrangements with persons, firms, and corporations to resell and distribute surplus power was clearly intended solely in the interest of economy and lower rates to the public and could in no sense have restricted the power of the board to build new transmission lines. Further, "satisfactory" arrangements undoubtedly would have meant that the board itself would, as expressly required in said section, fix the prices at which such power should be sold to the ultimate consumer. Consequently, it was the purpose of the House bill to insure even cheaper power to the public. But the elimination in conference of the language in the House bill as to "negotiations" will not mean that the board will not probably, as good business men, seek to prevent duplication of lines and facilities by purchasing existing lines or by negotiating contracts to distribute and resell power at low stipulated rates to the public. It must also be remembered that the Senate bill was frequently amended on the floor of the Senate, thus greatly liberalizing its transmission-lines provisions, even to the extent of permitting the use of Government lines by private companies and of connecting Government lines in with a system or systems of private lines and authorizing the board to purchase existing lines.

Besides the provision with reference to the construction of transmission lines there were five other provisions with reference to power and the sale and distribution thereof in which the House bill was different from the Senate amendment, and in the case of each of these five provisions the

House bill provision was written into the conference amendment. The first of these provisions was where the House bill provided that contracts with private companies for the purchase of power could be canceled after 5 years' notice, where the Senate amendment provided for only 2 years' notice. The second of these provisions was where the House bill provided that contracts with States, counties, and municipalities should be limited to 20 years, while the Senate amendment limited such contracts to 30 years. The third of these provisions was where the House bill provided that where States, counties, and municipalities built their own transmission lines contracts for the sale of power to them should be limited to 30 years, and the Senate amendment limited such contracts to 40 years. The fourth of these provisions was that the House bill provided that in certain cases contracts with private companies should be voidable at the election of the board, and the Senate amendment provided that such contracts should be absolutely null and void. The fifth provision which was carried in the House bill and placed in the conference amendment gave cooperative organizations the same preference in the purchase of power as is given to States, counties, and municipalities.

It was extremely questionable as to whether or not the bonds provided for in the Senate amendment would be marketable. There was no question but that the bonds provided for in the House bill could be readily and easily sold. To insure the Corporation's not being handicapped and not being thwarted in its work of development of the Tennessee Valley, and the carrying out of its great projects, the bond provision of the House bill was incorporated in the conference amendment.

The provision for the construction of Cove Creek Dam and the transmission line connecting it with Wilson Dam was substantially the same in both the House bill and the Senate amendment, and the construction of these necessary projects will begin just as soon as funds are made available for that purpose at this session of Congress.

Provisions for condemnation proceedings in both House bill and Senate amendment were modified so as to insure more expeditious acquisition of property and were incorporated in the conference amendment.

A most important provision in the House bill requiring all net proceeds, after meeting all expenses of the Corporation and construction needs, to be covered into the Treasury of the United States, was accepted by the Senate conferees and incorporated in the conference amendment.

A careful comparison of the Senate bill with the Senate amendment will show that the Senate bill was amended many times and in many important particulars by the Senate before it was adopted by the Senate as the Senate amendment to the House bill. A study of the conference amendment shows that because of the work of the House Committee on Military Affairs and the cooperation of the membership of the House, the House conferees were able to get some 31 material provisions in the conference amendment that were absent from the Senate amendment.

We are fully persuaded that the full success of the Tennessee Valley development project will depend more upon the ability, vision, and executive capacity of the members of the board than upon legislative provisions. We have sought to set up a legislative framework, but not to encase it in a legislative strait-jacket. We intend that the corporation shall have much of the essential freedom and elasticity of a private business corporation. We have indicated the course it shall take, but have not directed the particular steps it shall make. We have given it ample power and tried to prevent the perversion and abuse of that power. We have set bounds to prevent its liberty from becoming license. For emphasis, we quote a brief extract from the report of the chairman of the Committee on Military Affairs to accompany H.R. 5081:

PLANNING FOR FUTURE DEVELOPMENT

The board of three members should not only be sound and experienced men of affairs, they should not only be soundly educated and widely traveled and well-read men; but they should be men of constructive vision, to seek to fit the future into the form

of the present. Therefore the board is charged with the duty of constantly studying the whole situation presented by the Tennessee River Valley, and the adjoining territory, with the view of encouraging and guiding in the orderly and balanced development of the diverse and rich resources of that section. It is a great responsibility imposed upon the members of the board. But it is a great opportunity that will come to those chosen for this great service. For such position of trust and responsibility undoubtedly the President will search the Nation over for the right men to whom to entrust not only this vast investment of money but this great responsibility, not only to the people of that section of the country but to the people of the whole Nation. If, through the incapacity or the indifference of the members of the board, this great humanitarian project should fail, then progress along this line in other parts of the country will be set back for 2 or 3 generations.

With such a responsibility upon the President in choosing the right men, and with such a responsibility resting upon the consciences of the men thus chosen, we cannot believe that there will be failure. When the race advances it must do so along the road

of faith in ourselves and our fellows. The members of the board are given the term of 9 years so there may be consistency and continuity in the policies of the authority.

In order to make perfectly plain for anyone seeking to understand the difference between the bill passed by the House and the amendment passed by the Senate and the amendment now proposed by the House as a substitute for the Senate we are printing as a part of our report the three bills in parallel columns, and, by reference from one column to the other, the identities, similarities, and the differences may be easily obtained.

JOHN J. McSWAIN,

LISTER HILL,

Managers on the part of the House.

(Here follow the three bills in parallel columns:)

HOUSE BILL

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Alabama, in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River, and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the "Tennessee Valley Authority of the United States" (hereinafter referred to as the "Authority"). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the "Tennessee Valley Act of 1933".

SEC. 2. (a) The board of directors of the Authority (hereinafter referred to as the "board") shall be composed of three members, not more than two of whom shall belong to the same political party, to be appointed by the President, by and with the advice and consent of the Senate. The board shall organize by electing a chairman, vice chairman, and other necessary officers, agents, and employees to do its clerical work, and shall then proceed to carry out the provisions of this Act.

(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, one at the end of the third year, one at the end of the sixth year, and one at the end of the ninth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring nine years from the date of the expiration of the term for which his predecessor was appointed.

(c) Any member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(d) Vacancies in the board so long as there shall be two members in office

SENATE AMENDMENT

Strike out all after the enacting clause and insert:

That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Alabama, in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the "Tennessee Valley Authority" (hereinafter referred to as the "Corporation"). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the "Tennessee Valley Authority Act of 1933."

SEC. 2. (a) The board of directors of the Corporation (hereinafter referred to as the "board") shall be composed of three members, to be appointed by the President, by and with the advice and consent of the Senate. In appointing the members of the board, the President shall designate the chairman. All other officials, agents, and employees shall be designated and selected by the board.

(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, one at the end of the third year, one at the end of the sixth year, and one at the end of the ninth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring nine years from the date of the expiration of the term for which his predecessor was appointed.

(c) Any member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(d) Vacancies in the board so long as there shall be two members in office shall not impair the powers of the

AGREEMENT IN CONFERENCE

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Alabama, in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the "Tennessee Valley Authority" (hereinafter referred to as the "Corporation"). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the "Tennessee Valley Authority Act of 1933."

SEC. 2. (a) The board of directors of the Corporation (hereinafter referred to as the "board") shall be composed of three members, to be appointed by the President, by and with the advice and consent of the Senate. In appointing the members of the board, the President shall designate the chairman. All other officials, agents, and employees shall be designated and selected by the board.

(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, one at the end of the third year, one at the end of the sixth year, and one at the end of the ninth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring nine years from the date of the expiration of the term for which his predecessor was appointed.

(c) Any member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(d) Vacancies in the board so long as there shall be two members in office shall not impair the powers of the

HOUSE BILL

shall not impair the powers of the board to execute the functions of the Authority and two of the members in office shall constitute a quorum for the transaction of the business of the board.

(e) Each of the members of the board shall be a citizen of the United States and shall receive compensation, without regard to the provisions of other laws applicable to the officers and employees of the United States, at the rate of \$10,000 a year, to be paid by the Authority as current expenses. Members of the board shall be reimbursed by the Authority for actual expenses (including traveling and subsistence expenses) incurred by them while traveling in the performance of the duties vested in the board by this act. All members of the board shall reside in the vicinity of Muscle Shoals, Alabama, and shall devote their entire time to the work of the Authority.

(f) No member of the board shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Muscle Shoals project as a producer of concentrated fertilizers or as a producer of electric power.

(g) The board shall direct the exercise of all the powers of the Authority.

SEC. 3. (a) The chief executive officer of the Authority shall be a general manager, who shall be responsible to the board for the efficient conduct of the business of the Authority. The board shall appoint the general manager, whose salary shall not exceed the rate of \$10,000 a year, and shall select a man for such appointment who has demonstrated his capacity as a business executive. The general manager shall be appointed to hold office at the pleasure of the board. Should the office of general manager become vacant for any reason, the board shall appoint his successor as herein provided.

SENATE AMENDMENT

board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board.

(e) Each of the members of the board shall be a citizen of the United States. The chairman of the board shall receive a salary of \$10,000 a year. Other members of the board shall receive salaries of \$9,000 each per annum. Each member of the board, in addition to his salary, shall be permitted to occupy as his residence one of the dwelling houses now owned by the Government in the vicinity of Muscle Shoals, Alabama, the same to be designated by the President of the United States. Members of the board shall be reimbursed by the Corporation for actual expenses while in the performance of the duties vested in the board by this act. No member of said board shall, during his continuance in office, be engaged in any other business, but shall give his substantial time to the business of said Corporation.

The board shall select a treasurer and as many assistant treasurers as it deems proper, which treasurer and assistant treasurers may be corporations and banking institutions and shall give such security for the safe-keeping of the securities and moneys of the said corporation as the board may require: *Provided*, That any member of said board may be removed from office at any time by a concurrent resolution of the Senate and the House of Representatives.

(f) No director shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Corporation as a producer of concentrated fertilizers or as a producer of electric power.

(g) The board shall direct the exercise of all the powers of the Corporation.

(h) All members of the board shall be persons who profess a belief in the feasibility and wisdom of this act.

SEC. 3. The board shall appoint such managers, assistant managers, officers, employees, attorneys, and agents, as are necessary for the transaction of its business, fix their compensation, define their duties, require bonds of such of them as the board may designate, and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed in the discretion of the board.

AGREEMENT IN CONFERENCE

board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board.

(e) Each of the members of the board shall be a citizen of the United States, and shall receive a salary at the rate of \$10,000 a year, to be paid by the Corporation as current expenses. Each member of the board, in addition to his salary, shall be permitted to occupy as his residence one of the dwelling houses owned by the Government in the vicinity of Muscle Shoals, Alabama, the same to be designated by the President of the United States. Members of the board shall be reimbursed by the Corporation for actual expenses (including traveling and subsistence expenses) incurred by them in the performance of the duties vested in the board by this act. No member of said board shall, during his continuance in office, be engaged in any other business, but each member shall devote himself to the work of the Corporation.

(f) No director shall have financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Corporation as a producer of concentrated fertilizers or as a producer of electric power.

(g) The board shall direct the exercise of all the powers of the Corporation.

(h) All members of the board shall be persons who profess a belief in the feasibility and wisdom of this act.

SEC. 3. The board shall without regard to the provisions of Civil Service laws applicable to officers and employees of the United States, appoint such managers, assistant managers, officers, employees, attorneys, and agents, as are necessary for the transaction of its business, fix their compensation, define their duties, require bonds of such of them as the board may designate, and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed in the discretion of the board. No regular officer or employee of the Corporation shall receive a salary in

HOUSE BILL

(b) The general manager shall appoint, with the advice and consent of the board, two assistant managers who shall be responsible to him, and through him to the board, whose salaries each shall not exceed the rate of \$9,000 a year. One of the assistant managers shall be a man possessed of knowledge, training, and experience to render him competent and expert in the production of fixed nitrogen and/or fertilizer and fertilizer ingredients. The other assistant manager shall be a man trained and experienced in the field of production, transmission, and distribution of hydroelectric power. The general manager may at any time, with the consent of the board, remove any assistant manager, and appoint his successor as above provided. He shall employ, with the approval of the board, all other agents, clerks, attorneys, employees, and laborers not hereinbefore reserved to the board.

The compensation of such agents, clerks, attorneys, employees, and laborers shall be fixed with regard to the provisions of other laws applicable to the compensation of officers or employees of the United States: *Provided*, That all contracts to which the Authority is a party and which require the employment of laborers and mechanics in the construction, alteration, maintenance, and/or repair of buildings, dams, locks, or other projects shall contain a provision that not less than the prevailing rate of wages for work of a similar nature prevailing in the vicinity shall be paid to such laborers or mechanics.

In the event any dispute arises as to what are the prevailing rates of wages, the question shall be referred to the Secretary of Labor for determination, and his decision shall be final. In the determination of such prevailing rate or rates, due regard shall be given to those rates which have been secured through collective agreement by representatives of employers and employees.

Where such work as is described in the two preceding paragraphs is done directly by the Authority the prevailing rate of wages shall be paid in the same manner as though such work had been let by contract.

SEC. 4. Except as otherwise specifically provided in this act, the Corporation (herein called the "Authority")—

- (a) Shall have succession in its corporate name.
- (b) May sue and be sued in its corporate name.
- (c) May adopt and use a corporate seal, which shall be judicially noticed.
- (d) May make contracts.
- (e) May adopt, amend, and repeal bylaws.
- (f) May purchase or lease and hold such personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

excess of that received by the members of the board.

All contracts to which the Corporation is a party and which require the employment of laborers and mechanics in the construction, alteration, maintenance, or repair of buildings, dams, locks, or other projects shall contain a provision that not less than the prevailing rate of wages for work of a similar nature prevailing in the vicinity shall be paid to such laborers or mechanics.

In the event any dispute arises as to what are the prevailing rates of wages, the question shall be referred to the Secretary of Labor for determination, and his decision shall be final. In the determination of such prevailing rate or rates, due regard shall be given to those rates which have been secured through collective agreement by representatives of employers and employees.

Where such work as is described in the two preceding paragraphs is done directly by the Corporation the prevailing rate of wages shall be paid in the same manner as though such work had been let by contract.

Insofar as applicable, the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this act.

SEC. 4. Except as otherwise specifically provided in this act, the Corporation—

- (a) Shall have succession in its corporate name.
- (b) May sue and be sued in its corporate name, but only for the enforcement of contracts and the defense of property.
- (c) May adopt and use a corporate seal, which shall be judicially noticed.
- (d) May make contracts, as herein authorized.
- (e) May adopt, amend, and repeal bylaws.
- (f) May purchase or lease and hold such personal property as it deems

SEC. 4. Except as otherwise specifically provided in this act, the Corporation—

- (a) Shall have succession in its corporate name.
- (b) May sue and be sued in its corporate name.
- (c) May adopt and use a corporate seal, which shall be judicially noticed.
- (d) May make contracts, as herein authorized.
- (e) May adopt, amend, and repeal bylaws.
- (f) May purchase or lease and hold such real and personal property as it deems necessary or convenient in the transaction of its business, and may

HOUSE BILL

(g) As hereinbefore specified, may appoint such officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, without regard to the provisions of the Civil Service laws applicable to the employment and compensation of officers or employees of the United States, define generally their duties, require bonds of them and fix the penalties thereof, and dismiss at pleasure any such officer, employee, attorney, or agent, and provide a system of organization to fix responsibility and to promote efficiency.

(h) The board shall require that the general manager and the two assistant managers, the secretary and the treasurer, the bookkeeper or bookkeepers, and such other administrative and executive officers as the board may see fit to include, shall execute and file before entering upon their several offices good and sufficient surety bonds, in such amount and with such surety as the board shall approve.

(i) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Authority.

(j) The Authority may in the name of the United States of America exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States of America, and thereupon all such real estate shall be entrusted to the Authority as the agent of the United States to accomplish the purposes of this act.

(k) The Authority shall have power to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures, and navigation projects at any point along the Tennessee River, or any of its tributaries, and in the event that the owner or owners of such property shall fail and refuse to sell to the Authority at a price deemed fair and reasonable by the board, then the Authority may proceed to exercise the right of eminent domain, and to condemn all property that it deems necessary for carrying out the purposes of this act, and all such condemnation proceedings shall be had pursuant to the provisions and requirements hereinafter specified, with reference to any and all condemnation proceedings. The Authority shall have power to construct dams, reservoirs, power houses, power structures, and navigation projects, in the Tennessee River and its tributaries, and for this purpose may exercise the right of eminent domain.

It is hereby declared to be the policy of the Government to construct, where practicable, on the Tennessee River, joint power and navigation dams, to conserve and make available the power, and to provide cheaper navigation; and the Authority shall create for each dam

SENATE AMENDMENT

necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

(g) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation.

(h) In the name of the United States Government to exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States Government.

AGREEMENT IN CONFERENCE

dispose of any such personal property held by it.

The board shall select a treasurer and as many assistant treasurers as it deems proper, which treasurer and assistant treasurers shall give such bonds for the safe keeping of the securities and moneys of the said Corporation as the board may require: *Provided*, That any member of said board may be removed from office at any time by a concurrent resolution of the Senate and the House of Representatives.

(g) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation.

(h) Shall have power in the name of the United States of America to exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States of America, and thereupon all such real estate shall be entrusted to the Corporation as the agent of the United States to accomplish the purposes of this act.

(i) Shall have power to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures, and navigation projects at any point along the Tennessee River, or any of its tributaries, and in the event that the owner or owners of such property shall fail and refuse to sell to the Corporation at a price deemed fair and reasonable by the board, then the Corporation may proceed to exercise the right of eminent domain, and to condemn all property that it deems necessary for carrying out the purposes of this act, and all such condemnation proceedings shall be had pursuant to the provisions and requirements hereinafter specified, with reference to any and all condemnation proceedings.

(j) Shall have power to construct dams, reservoirs, power houses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power installations into one or more systems by transmission lines.

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

constructed a sinking fund, which, paid in annually with compound interest, will amortize the entire cost of the dam, including power houses and locks, over a period of 60 years, and the Authority shall pay to the Treasury 2 per centum interest annually on money used for such construction derived from the Treasury, and chargeable as cost to power: *Provided*, That the payment of any interest to the Treasury may be suspended for 1 year, but such suspended payment shall bear interest at the rate of 2 per centum per annum: *Provided*, That the Authority shall not proceed to construct any dam herein authorized where power alone will be generated, or where power will be generated in conjunction with navigation (except Cove Creek Dam, and Dam No. 3), unless there is a reasonable market demand for so much of the power as will yield a reasonable return on that part of the investment representing the cost of the power production, including a sum for the amortization of the entire cost in sixty years, and then only with the approval of the President: *Provided further*, That the Authority may construct any dam or dams if prior to such construction it has effected a lease on self-liquidating terms approved by the President that will return the bond interest on the investment chargeable to power purposes, determined as herein provided, and amortize the entire amount of capital invested for all purposes in the project leased. Rates and charges for the power sold from a leased project shall not exceed amounts found as reasonable, just, and fair by the Federal Power Commission.

SEC. 5. It is hereby declared to be the policy of the Government to utilize and operate the Muscle Shoals properties so far as may be necessary to improve, cheapen, and increase the production of fertilizer and fertilizer ingredients by carrying out the provisions of this act.

SEC. 5. The board is hereby authorized—

(a) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of that produced by Government plants. Such contracts may provide either for outright purchase of materials by the board or only for the payment of carrying charges on special materials manufactured at the board's request for its program.

(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce.

(c) To cooperate with National, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

(d) The board in order to improve and cheapen the production of fertilizer is authorized to manufacture fixed nitrogen, fertilizer, and fertilizer ingredients at Muscle Shoals by the employ-

SEC. 5. The board is hereby authorized—

(a) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of that produced by Government plants. Such contracts may provide either for outright purchase of materials by the board or only for the payment of carrying charges on special materials manufactured at the board's request for its program.

(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under economic conditions permitting an accurate measure of the economic return they produce.

(c) To cooperate with National, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

(d) The board in order to improve and cheapen the production of fertilizer is authorized to manufacture and sell fixed nitrogen, fertilizer, and fertilizer ingredients at Muscle Shoals by

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

ment of existing facilities, by modernizing existing plants, or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen, or the cheapening of the production of fertilizer.

(e) Under the authority of this act the board may make donations or sales of the product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct, for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of use of same.

(f) The board is authorized to make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants.

(g) To establish, maintain, and operate laboratories and experimental plants, and to undertake experiments for the purpose of enabling the Corporation to furnish nitrogen products for military and agricultural purposes in the most economical manner and at the highest standard of efficiency.

(h) To request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Corporation the better to carry out its powers successfully, and as far as practicable shall utilize the services of such officers, agents, and employees, and the President shall, if in his opinion, the public interest, service, or economy so require, direct that such assistance, advice, and service be rendered to the Corporation, and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board: *Provided*, That any invention made by an employee of the Government of the United States serving under this section, or by any employee of the Corporation, together with any patents which may be granted thereon, shall be the sole and exclusive property of the Corporation, which is hereby authorized to grant such licenses thereunder as shall be authorized by the board: *Provided further*, That the board may pay to such inventor such sum from the income from sale of licenses as it may deem proper.

(i) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

(j) Upon the requisition of the Secretary of War the Corporation shall allot and deliver without charge to the War Department so much power as shall be necessary in the judgment of said Department for use in operation

the employment of existing facilities, by modernizing existing plants, or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen or the cheapening of the production of fertilizer.

(e) Under the authority of this act the board may make donations or sales of the product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct, for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of their use.

(f) The board is authorized to make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants.

(g) In the event it is not used for the fixation of nitrogen for agricultural purposes, or leased, then the board shall maintain in stand-by condition nitrate plant no. 2, or its equivalent, for the fixation of atmospheric nitrogen, for the production of explosives in the event of war or a national emergency, until the Congress shall by joint resolution release the board from this obligation, and if any part thereof be used by the board for the manufacture of phosphoric acid or potash, the balance of nitrate plant no. 2 shall be kept in stand-by condition.

(h) To establish, maintain, and operate laboratories and experimental plants, and to undertake experiments for the purpose of enabling the Corporation to furnish nitrogen products for military purposes, and nitrogen and other fertilizer products for agricultural purposes in the most economical manner and at the highest standard of efficiency.

(i) To request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Corporation the better to carry out its powers successfully, and as far as practicable shall utilize the services of such officers, agents, and employees, and the President shall, if in his opinion, the public interest, service, or economy so require, direct that such assistance, advice, and service be rendered to the Corporation, and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board: *Provided*, That any invention or discovery made by virtue of and incidental to such service by an employee of the Government of the United States serving under this section, or by any employee of the Corporation, together with any patents which may be granted thereon, shall be

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

of all locks, lifts, or other facilities in aid of navigation.

(k) To produce, distribute, and sell electric power, as herein particularly specified.

(l) No products of the Corporation shall be sold for use outside of the United States, her Territories and possessions, except to the United States Government for the use of its Army and Navy or to its allies in case of war.

(m) The President is authorized, within 4 months after the passage of this Act, to lease to the American Farm Bureau Federation or to any corporation organized by said Corporation nitrate plant no. 2 and Waco Quarry, together with the railroad connecting said quarry with nitrate plant no. 2, for a term not exceeding 50 years at a rental of not less than \$1 per year, but such authority shall be subject to the express condition that the lessee shall use said property during the term of said lease exclusively for the manufacture of fertilizer and fertilizer ingredients to be used only in the manufacture of fertilizer by said lessee and sold for use as fertilizer. The said lessee shall covenant to keep said property in first-class condition, but the lessee shall be authorized to modernize said plant no. 2 by the installation of such machinery as may be necessary and is authorized to amortize the cost of said machinery and improvements over the term of said lease or any part thereof. Said lease shall provide that during the second and third years of the same said nitrate plant no. 2 shall be operated to at least 25 per centum of its capacity and that during the remainder of said lease the same shall be operated at least to 50 per centum of its capacity; and said lease shall also provide that during any year of the period covered by said lease, if the lessee operates said plant to 75 per centum of its capacity, then the rental for such year shall be remitted. Said lease shall also provide that the board shall sell to the lessee power for the operation of said plant at the same price that it charges all other customers for power of the same class and quantity. Said lease shall also provide that, if the said lessee does not desire to buy power of the publicly owned plant, it shall have the right to purchase its power for the operation of said plant of the Alabama Power Company or any other privately owned corporation engaged in the generation and sale of electric power and in such case the lease shall provide further that the said lessee shall have a free right of way to build a transmission line over Government property to said plant. Said lease shall also provide that the said lessee shall covenant that during the term of said lease the said lessee shall not enter into any illegal monopoly, combination, or trust with any privately owned corporation engaged in the manufacture, production,

the sole and exclusive property of the Corporation, which is hereby authorized to grant such licenses thereunder as shall be authorized by the board; *Provided further*, That the board may pay to such inventor such sum from the income from sale of licenses as it may deem proper.

(j) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

(k) Upon the requisition of the Secretary of War the Corporation shall allot and deliver without charge to the War Department so much power as shall be necessary in the judgment of said Department for use in operation of all locks, lifts, or other facilities in aid of navigation.

(l) To produce, distribute, and sell electric power, as herein particularly specified.

(m) No products of the Corporation shall be sold for use outside of the United States, its Territories and possessions, except to the United States Government for the use of its Army and Navy, or to its allies in case of war.

(n) The President is authorized, within 12 months after the passage of this Act, to lease to any responsible farm organization or to any corporation organized by it nitrate plant no. 2 and Waco Quarry, together with the railroad connecting said quarry with nitrate plant no. 2, for a term not exceeding 50 years at a rental of not less than \$1 per year, but such authority shall be subject to the express condition that the lessee shall use said property during the term of said lease exclusively for the manufacture of fertilizer and fertilizer ingredients to be used only in the manufacture of fertilizer by said lessee and sold for use as fertilizer. The said lessee shall covenant to keep said property in first-class condition, but the lessee shall be authorized to modernize said plant no. 2 by the installation of such machinery as may be necessary, and is authorized to amortize the cost of said machinery and improvements over the term of said lease or any part thereof. Said lease shall also provide that the board shall sell to the lessee power for the operation of said plant at the same schedule of prices that it charges all other customers for power of the same class and quantity. Said lease shall also provide that, if the said lessee does not desire to buy power of the publicly owned plant, it shall have the right to purchase its power for the operation of said plant of the Alabama Power Company or any other publicly or privately owned corporation engaged in the generation and sale of electric power, and in such case the lease shall provide further that the said lessee shall have a free right of way to build a transmission line over Government property to said plant

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

and sale of fertilizer with the object or effect of increasing the price of fertilizer to the farmer.

paying the actual expenses and damages, if any, incurred by the Corporation on account of such lines. Said lease shall also provide that the said lessee shall covenant that during the term of said lease the said lessee shall not enter into any illegal monopoly, combination, or trust with any privately owned corporation engaged in the manufacture, production, and sale of fertilizer with the object or effect of increasing the price of fertilizer to the farmer.

SEC. 6. The board is hereby authorized—

(a) To contract with commercial producers for the production of such fertilizers or fertilizer ingredients not produced by the Authority as may be needed in the Government's program of development and introduction.

(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce.

(c) To cooperate with National, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

(d) The board shall manufacture fixed nitrogen and/or other fertilizer ingredients at Muscle Shoals by the employment of existing facilities (by modernizing existing plants), or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen, and/or other fertilizer ingredients for agricultural and military uses.

(e) It shall be the duty of the board to operate the nitrate plants or either of them by employment of existing facilities or by modernizing the existing plants and facilities for the production of nitrogenous plant food of a kind and quality and in form available as plant food and capable of being applied directly to the soil in connection with the growth of crops containing not less than 10,000 tons of fixed nitrogen, and said amount of such fertilizer or fertilizer ingredients shall periodically be increased from time to time as the market demands may reasonably require until the maximum production capacity of the plants now owned by the Government at Muscle Shoals, as the board may find them to be economically adapted, or susceptible of being made economically adapted for the fixation of nitrogen is reached, if the reasonable demands of the market shall justify except when the market demands are satisfied by maintenance in storage and unsold of such fertilizer or fertilizer ingredients containing at least 2,500 tons of fixed nitrogen if such production is economically justifiable and so found by the Authority

SEC. 6. In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is guilty of a violation of this section shall be removed from office by said board.

SEC. 6. In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is found by the President of the United States to be guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is found by the board to be guilty of a violation of this section shall be removed from office by said board.

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

and so approved by the President. Whenever such stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen the production of such nitrogenous plant food shall thereupon be resumed. In the event such production is not so found economically justifiable, then it shall be the duty of the Authority to operate such plants and facilities for the production of phosphoric acid and/or other fertilizer ingredients in a form available as plant food and capable of being applied directly to the soil, and in an amount and quantity equal to the production of nitrogenous plant food herein required.

(f) To lease upon such terms and conditions as may safeguard the interests of the United States and insure the mass production of fertilizer and/or fertilizer ingredients the existing plants and facilities and any such additional plants and facilities as may be constructed and any other property or properties, in whole or in part, for the benefit of the farmer and for agricultural conservation, except that there shall be no lease of power dams, power plants, and power-generating facilities: *Provided*, That all fertilizer produced shall be in such form and in combination with such other ingredients as shall make such fertilizer immediately available and practical for use by farmers in application to soil and crops. In the event that a lease be made, the board shall supply the said lessee the power necessary for the operation of the properties leased and for such other manufacturing purposes as the President and the board may agree upon at a price which shall be deemed fair and just by the President and the board. The lease of any such properties for the production of fertilizer or fertilizer ingredients shall contain a stipulation that the operation of any properties used in the manufacture of fertilizer or fertilizer ingredients shall be conducted in an economical manner and that there must be manufactured annually at least a prescribed amount of nitrogenous plant food of a kind and quality and in a form available as plant food and capable of being applied directly to the soil in connection with the growth of crops: *And provided further*, That the contract shall contain a stipulation requiring the lessee to produce within 2 years from the date such lease shall become effective, such fertilizer or fertilizer ingredients containing not less than 10,000 tons of fixed nitrogen, and shall require periodic increases in quantity of fixed nitrogen from time to time as the market demands may reasonably require, and such lease shall provide that such increases shall finally reach the maximum production capacity of such plant or plants as the board may find to be economically adapted, or susceptible of being made economi-

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

cally adapted to the fixation of nitrogen, if the reasonable demands of the market shall justify the same, except when the nitrogen produced is required for national defense, or when the market demands for same are satisfied by the maintenance in storage and unsold of such fertilizer or fertilizer ingredients containing at least 2,500 tons of fixed nitrogen, but whenever said stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen, the production of such nitrogen, and the manufacture of such fertilizer or fertilizer ingredients shall thereupon be resumed.

(g) To make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants, for the production of concentrated fertilizers, and/or fertilizer ingredients, in form suitable for home mixing, or for direct application to soil, and for use in connection with growing crops, and to sell same at cost plus 4 per centum, under such rules and regulations as will insure the widest practicable distribution thereof, and preference in such sale shall be given to farmers or to their authorized purchasing agents.

(h) It shall be the duty of the board to maintain in stand-by condition nitrate plant numbered 2, or its equivalent, for the fixation of atmospheric nitrogen, for the production of explosives in the event of war or a national emergency, until the Congress shall by joint resolution release the board from this obligation.

The Authority, with the approval of the President of the United States, is hereby authorized to ascertain and declare, for the purpose of fixing the cost of fertilizers and/or fertilizer ingredients, the value of such part of any plant or plants as may be employed by the Authority in the production of fertilizer and/or fertilizer ingredients: *Provided*, That the total value of nitrate plant numbered 2 shall not be fixed to exceed \$6,000,000.

(i) To establish, maintain, and operate laboratories and experimental plants, and to undertake large-scale experiments for the purpose of enabling the Authority to furnish nitrogen, fertilizer, and other products needed for military and agricultural purposes in the most economical manner and at the highest standard of efficiency.

(j) To request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Authority the better to carry out its powers successfully, and the President shall, if in his opinion the public interest, service, and economy so require, direct that such assistance, advice, and service be rendered to the Authority and any individual that may be by the President directed to

HOUSE BILL

render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board and of the general manager.

(k) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

(l) Upon the requisition of the Secretary of War the board shall allot and deliver without charge to the War Department so much power as may be necessary in the judgment of said Department for use in operation of all locks, lifts, or other facilities in aid of navigation.

(m) To produce, transmit, and sell electric power, as herein particularly specified.

(n) No products of the Authority shall be sold for use outside of the United States, its Territories and possessions, except to the United States Government for the use of its Army and Navy or to its allies in case of war.

SEC. 7. In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is guilty of a violation of this section shall be removed from office by said board.

SEC. 8. In order to enable the Authority to exercise the powers and duties vested in it by this Act—

(a) The exclusive use, possession, and control of the United States nitrate plants numbered 1 and 2, including steam plants, located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and

SENATE AMENDMENT

SEC. 7. In order to enable the Corporation to exercise the powers vested in it by this act—

(a) The exclusive use, possession, and control of the United States nitrate plants numbered 1 and 2, including steam plants, located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco limestone quarry, in Alabama, and Dam No. 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof are hereby intrusted to the Corporation for the purposes of this act.

(b) The President of the United States is authorized to provide for the transfer to the Corporation of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Corporation as herein stated.

SEC. 8. (a) The Corporation shall maintain its principal office in the immediate vicinity of Muscle Shoals, Alabama. The Corporation shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

AGREEMENT IN CONFERENCE

SEC. 7. In order to enable the Corporation to exercise the powers and duties vested in it by this act—

(a) The exclusive use, possession, and control of the United States nitrate plants numbered 1 and 2, including steam plants, located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco limestone quarry, in Alabama, and Dam No. 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof, and all other property to be acquired by the Corporation in its own name or in the name of the United States of America, are hereby intrusted to the Corporation for the purposes of this act.

(b) The President of the United States is authorized to provide for the transfer to the Corporation of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Corporation as herein stated.

SEC. 8. (a) The Corporation shall maintain its principal office in the immediate vicinity of Muscle Shoals, Alabama. The Corporation shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

HOUSE BILL

buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco limestone quarry, in Alabama, and Dam No. 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof, and all other property to be acquired by the Authority in its own name or in the name of the United States of America, are hereby entrusted to the Authority for the purposes of this Act.

(b) The President of the United States is authorized to provide for the transfer to the Authority of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Authority as herein stated.

SEC. 9. (a) The Authority shall maintain its principal office in the immediate vicinity of Muscle Shoals, Ala. The Authority shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

(b) The Authority shall at all times maintain complete and accurate books of accounts.

(c) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath (or affirmation) to support the Constitution of the United States, and to faithfully and impartially perform the duties imposed upon him by this act.

SENATE AMENDMENT

(b) The Corporation shall at all times maintain complete and accurate books of accounts.

(c) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this act.

SEC. 9. (a) The board shall file with the President and with the Congress, in January of each year, a financial statement and a complete report as to the business of the Corporation covering the preceding year. This report shall include the total number of employees and the names, salaries, and duties of those receiving compensation at the rate of more than \$1,500 a year.

(b) The Comptroller General of the United States shall audit the transactions of the Corporation at such times as he shall determine but not less frequently than once each fiscal year, with personnel of his selection. In such connection he and his representatives shall have free and open access to all papers, books, records, files, accounts, plants, warehouses, offices, and all other things, property, and places belonging to or under the control of or used or employed by the Corporation, and shall be afforded full facilities for counting all cash and verifying transactions with and balances in depositories. He shall make report of each such audit in quadruplicate, one copy for the President, one for the chief officer of the Corporation, one for public inspection, and the other to be retained by him for the uses of the Congress. The expenses of each such audit may be paid from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office and appropriations so used shall be reimbursed promptly by the Corporation as billed by the Comptroller General. All such audit expenses shall be charged to operating expenses of the Corporation. The Comptroller General shall make special report to the Congress of any transaction or condition found by him to be in conflict with the authority or duties intrusted to the Corporation by law.

AGREEMENT IN CONFERENCE

(b) The Corporation shall at all times maintain complete and accurate books of accounts.

(c) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this act.

SEC. 9. (a) The board shall file with the President and with the Congress, in December of each year, a financial statement and a complete report as to the business of the Corporation covering the preceding governmental fiscal year. This report shall include an itemized statement of the cost of power at each power station, the total number of employees and the names, salaries, and duties of those receiving compensation at the rate of more than \$1,500 a year.

(b) The Comptroller General of the United States shall audit the transactions of the Corporation at such times as he shall determine, but not less frequently than once each governmental fiscal year, with personnel of his selection. In such connection he and his representatives shall have free and open access to all papers, books, records, files, accounts, plants, warehouses, offices, and all other things, property and places belonging to or under the control of or used or employed by the Corporation, and shall be afforded full facilities for counting all cash and verifying transactions with and balances in depositories. He shall make report of each such audit in quadruplicate, one copy for the President of the United States, one for the chairman of the board, one for public inspection at the principal office of the Corporation, and the other to be retained by him for the uses of the Congress. The expenses of each such audit may be paid from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the Corporation as billed by the Comptroller General. All such audit expenses shall be charged to operating expenses of the Corporation. The Comptroller General shall make

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

SEC. 10. (a) The board shall file with the President and with the Congress, in December of each year, a financial statement and a complete report as to the business of the Authority covering the preceding governmental fiscal year. This report shall include an itemized statement of the cost of power at each power station, the total number of employees, and the names, salaries, and duties of those receiving compensation at the rate of more than \$1,500 a year.

(b) The board shall require a careful and scrutinizing audit and accounting by the General Accounting Office or its successor in performing similar duties, during each governmental fiscal year of operation under this act, and said audit shall be open to inspection to the public at all times, and copies thereof shall be filed in the principal office of the Authority at Muscle Shoals, in the State of Alabama. At least once during each fiscal year the President of the United States shall appoint a firm of certified public accountants of his own choice and selection which shall have free and open access to all books, accounts, plants, warehouses, offices, and all other places, and records, belonging to or under the control of or used by the Authority in connection with the business authorized by this act. And the expenses of such audit so directed by the President shall be paid by the board and charged as part of the operating expenses of the Authority.

SEC. 11. The board is hereby empowered and authorized to sell the surplus power, not used in its operations and for operation of locks and other works to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said authority the board is authorized to enter into contracts for such sale for a term not exceeding 20 years and in the sale of such current by the board it shall give preference to States, counties, municipalities, or cooperative organiza-

SEC. 10. The board is hereby empowered and authorized to sell the surplus power not used in its operations and for operation of locks and other works generated by it to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said authority, the board is authorized to enter into contracts for such sale for a term not exceeding 30 years and in the sale of such current by the board it shall give preference to States, counties, municipalities, and cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 2 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities. In order to provide for the fullest possible use of electric light and power on farms within reasonable distance of any of its transmission lines, the board in its discretion shall have power to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates and to make such rules and regulations governing such sale and distribution of such electric power as in its judgment may be just and equitable: *Provided further*, That the board is hereby authorized and directed to make studies, experiments, and determinations to promote the wider and better use of electric power for agricultural and domestic use, or for small or local industries, and it may cooperate with State governments, or their subdivisions or agencies, with educational or research institutions, and with cooperatives or other organizations, in the application of electric power to the fuller and better balanced development of the resources of the region.

SEC. 11. It is hereby declared to be the policy of the Government so far as practical to distribute the surplus power generated at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance of Muscle Shoals.

special report to the President of the United States and to the Congress of any transaction or condition found by him to be in conflict with the powers or duties intrusted to the Corporation by law.

SEC. 10. The board is hereby empowered and authorized to sell the surplus power not used in its operations, and for operation of locks and other works generated by it, to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth; and to carry out said authority, the board is authorized to enter into contracts for such sale for a term not exceeding 20 years, and in the sale of such current by the board it shall give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 5 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities. In order to promote and encourage the fullest possible use of electric light and power on farms within reasonable distance of any of its transmission lines the board in its discretion shall have power to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates, and to make such rules and regulations governing such sale and distribution of such electric power as in its judgment may be just and equitable: *Provided further*, That the board is hereby authorized and directed to make studies, experiments, and determinations to promote the wider and better use of electric power for agricultural and domestic use, or for small or local industries, and it may cooperate with State governments, or their subdivisions or agencies, with educational or research institutions, and with cooperatives or other organizations, in the application of electric power to the fuller and better balanced development of the resources of the region.

SEC. 11. It is hereby declared to be the policy of the Government so far as practical to distribute and sell the surplus power generated at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance. This policy is further declared to be that the projects herein provided for shall be considered primarily as for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that

HOUSE BILL

tions of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to their own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 5 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities.

SEC. 12. It is hereby declared to be the policy of the Government, so far as practical, to transmit or sell all the surplus power generated by the Authority at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance.

SENATE AMENDMENT

SEC. 12. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from funds secured by the sale of bonds hereafter provided for, to construct, lease, purchase, or authorize the construction of transmission lines within transmission distance from the place where generated and to interconnect with other systems. The board is also authorized to lease to any person, persons, or corporation any transmission line owned by the Government and operated by the board, but no such lease shall be made that in any way interferes with the use of such transmission line by the board: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct and maintain a properly designed and built transmission line to the Government reservation upon which is located a Government generating plant, or to a main transmission line owned by the Government or leased by the board and under the control of the board, the board is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 40 years, and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the Corporation and any municipality or other political subdivision shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such con-

AGREEMENT IN CONFERENCE

sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity.

It is further hereby declared to be the policy of the Government to utilize and operate the Muscle Shoals properties so far as may be necessary to improve, increase, and cheapen the production of fertilizer and fertilizer ingredients by carrying out the provisions of this act.

SEC. 12. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power, it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power, or from funds secured by the sale of bonds hereafter provided for, to construct, lease, purchase, or authorize the construction of transmission lines within transmission distance from the place where generated, and to interconnect with other systems. The board is also authorized to lease to any person, persons, or corporation the use of any transmission line owned by the Government and operated by the board, but no such lease shall be made that in any way interferes with the use of such transmission line by the board: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct and maintain a properly designed and built transmission line to the Government reservation upon which is located a Government generating plant, or to a main transmission line owned by the Government or leased by the board and under the control of the board, the board is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 30 years; and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the Corporation and any municipality or other political subdivision or corporate organization shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as be-

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

tract shall be void if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision: *And provided further*, That any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the board shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at prices that shall not exceed a schedule fixed by the board from time to time as reasonable, just, and fair; and in case of any such sale if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the board the contract for such sale between the board and such distributor of electricity shall be declared null and void and the same shall be canceled by the board: *And provided further*, That the board is hereby authorized to enter into contracts with other power systems for the mutual exchange of unused excess power upon suitable terms, for the conservation of stored water and as an emergency or break-down relief.

tween consumers of the same class, and such contract shall be voidable at the election of the board if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision or cooperative organization: *And provided further*, That as to any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the board shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be made to the ultimate consumer of such electric power at prices that shall not exceed a schedule fixed by the board from time to time as reasonable, just, and fair; and in case of any such sale, if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the board, the contract for such sale between the board and such distributor of electricity shall be voidable at the election of the board: *And provided further*, That the board is hereby authorized to enter into contracts with other power systems for the mutual exchange of unused excess power upon suitable terms, for the conservation of stored water, and as an emergency or break-down relief.

SEC. 13. In event the board is unable to make satisfactory contracts with persons, firms, or corporations engaged in the distribution and resale of electricity as in this act provided, or for the use or purchase of such transmission lines, it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from proceeds from the sale of bonds as herein authorized, with the approval of the President, to construct, lease, or authorize the construction of transmission lines within transmission distance not to exceed 400 miles from the place where the power is generated, if transmission lines are found economically justified and necessary to carry out the provisions of this act: *Provided*, That the project herein provided for shall be considered primarily as for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity: *Provided*, That if any State, county, municipality, or other public or cooperative organiza-

SEC. 13. Five per centum of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 per centum of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam or steam plant located in the State of Tennessee, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much excess power is thereby generated at Dam No. 2 and any other dam hereafter constructed by the Government of the United States on the Tennessee River, in the State of Alabama, or in the State of Tennessee and from the gross proceeds of the sale of such excess power $2\frac{1}{2}$ per centum shall be paid to the State of Alabama and $2\frac{1}{2}$ per centum to the State of Tennessee. These provisions shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is only incidental in the operation of such flood-control dam. In ascertaining the gross proceeds from the sale of such power upon which a per-

SEC. 13. Five per centum of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from any other hydropower plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 per centum of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam located in the State of Tennessee, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much additional power is thereby generated at Dam No. 2 and at any other dam hereafter constructed by the Government of the United States on the Tennessee River, in the State of Alabama, or in the State of Tennessee, and from the gross proceeds of the sale of such additional power $2\frac{1}{2}$ per centum shall be paid to the State of Alabama and $2\frac{1}{2}$ per centum to the State of Tennessee. These percentages shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is incidental to the operation of such flood-control dam. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennes-

HOUSE BILL

tion of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct a transmission line to the place of generation, or to the Government reservation on which is located a power-generating plant operated by the Authority, or to some place along or at the end of a transmission line, the board is hereby authorized to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 30 years, and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the Authority and any municipality or other political subdivision or cooperative association shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be voidable at the election of the Authority if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision: *And provided further*, That as to any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the Authority shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount found to be reasonable, just, and fair by the Federal Power Commission, or its successor as a Federal regulatory body having similar jurisdiction; and in case of any such sale if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the Federal Power Commission, or its successor as aforesaid, the contract for such sale between the board and such distributor of electricity shall by the Authority be declared to be null and void and the same shall be canceled.

SEC. 14. The net proceeds derived by the board from the sale of power and any of the products manufactured by the Authority, after deducting the cost of operation, maintenance, depreciation, amortization, and an amount deemed by the board as necessary to

SENATE AMENDMENT

centage is paid to the States of Alabama and Tennessee the board shall not take into consideration the proceeds of any power sold to the Government of the United States, or any department of the Government of the United States used in the operation of any locks on the Tennessee River or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose: *Provided*, That the percentages to be paid to the States of Alabama and Tennessee, as provided in this section, shall be subject to revision and change by the board, and any new rates established by the board, when approved by the President, shall remain in effect until and unless again changed by the board with the approval of the President. No change of said rates shall be made more often than once in 5 years, and no change shall be made without giving to the States of Alabama and Tennessee an opportunity to be heard.

AGREEMENT IN CONFERENCE

see, the board shall not take into consideration the proceeds of any power sold or delivered to the Government of the United States, or any department or agency of the Government of the United States, used in the operation of any locks on the Tennessee River or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose: *Provided*, That the percentages to be paid to the States of Alabama and Tennessee, as provided in this section, shall be subject to revision and change by the board, and any new percentages established by the board, when approved by the President, shall remain in effect until and unless again changed by the board with the approval of the President. No change of said percentages shall be made more often than once in 5 years, and no change shall be made without giving to the States of Alabama and Tennessee an opportunity to be heard.

SEC. 14. The board shall make a thorough investigation as to the present value of Dam No. 2 and the steam plants at nitrate plant no. 1 and nitrate plant no. 2, and as to the cost of Cove Creek Dam, for the purpose of ascertaining how much of the value or

SEC. 14. The board shall make a thorough investigation as to the present value of Dam No. 2, and the steam plants at nitrate plant no. 1, and nitrate plant no. 2, and as to the cost of Cove Creek Dam, for the purpose of ascertaining how much of the value or

HOUSE BILL

withhold as operating capital, or devoted by the board to new construction, shall be paid into the Treasury of the United States at the end of each calendar year.

SEC. 15. The Authority is hereby empowered, when and if the market demands justify, to complete Dam No. 2 at Muscle Shoals, Alabama, and the steam plant at nitrate plant no. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units, according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant no. 2.

SEC. 16. The Secretary of War is hereby authorized, with appropriations hereafter to be made available by the Congress or from funds arising from the sale of bonds, to construct, either directly or by contract to the lowest responsible bidder or bidders, after due advertisement, a dam which has by long usage become known and designated as the Cove Creek Dam in and across the Clinch River in the State of Tennessee, together with a transmission line to Muscle Shoals interconnecting with any intermediate power plants: *Provided*, That such transmission line may be constructed only if the board is unable to make contracts satisfactory to the Authority with owners of privately owned lines for the transmission of power, or for the use or the purchase of transmission lines, and if, after investigation, the Authority shall find that such transmission line is economically justifiable and necessary to carry out the purposes of this act.

SENATE AMENDMENT

the cost of said properties shall be allocated and charged up to (1) flood control, (2) navigation, (3) fertilizer, (4) national defense, and (5) the development of power. The findings thus made by the board, when approved by the President of the United States, shall be final, and such findings shall thereafter be used in all allocation of value for the purpose of keeping the book value of said properties. In like manner, the cost and book value of any dams, steam plants, or other similar movements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained.

SEC. 15. In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation of hydroelectric power, the board, if directed so to do by the President of the United States, shall issue its bonds for the payment in part or in full of that part of said development that is allocated to the production of hydroelectric power. Said bonds shall be in denominations and shall draw such interest and shall bear such maturity dates as shall be directed by the President, and the same shall be sold to the public in such manner and under such rules and regulations as the President may direct. The net proceeds of all moneys received for the sale of power to States, counties, municipalities, or farm organizations, as well as the net proceeds derived from any tonnage tax that may hereafter be provided for by Congress, are hereby pledged to the payment of said bonds and the interest thereon.

SEC. 16. The Secretary of War, or the Secretary of the Interior, whenever the President deems it advisable, is hereby empowered and directed to complete Dam No. 2 at Muscle Shoals, Alabama, and the steam plant at nitrate plant no. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant no. 2.

AGREEMENT IN CONFERENCE

the cost of said properties shall be allocated and charged up to (1) flood control, (2) navigation, (3) fertilizer, (4) national defense, and (5) the development of power. The findings thus made by the board, when approved by the President of the United States, shall be final, and such findings shall thereafter be used in all allocation of value for the purpose of keeping the book value of said properties. In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained and allocated.

SEC. 15. In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power the board is hereby authorized and empowered to issue on the credit of the United States and to sell serial bonds not exceeding \$50,000,000 in amount, having a maturity not more than 50 years from the date of issue thereof, and bearing interest not exceeding $3\frac{1}{2}$ per centum per annum. Said bonds shall be issued and sold in amounts and prices approved by the Secretary of the Treasury, but all such bonds as may be so issued and sold shall have equal rank. None of said bonds shall be sold below par, and no fee, commission, or compensation whatever shall be paid to any person, firm, or corporation for handling, negotiating the sale, or selling the said bonds. All of such bonds so issued and sold shall have all the rights and privileges accorded by law to Panama Canal bonds, authorized by section 8 of the act of June 28, 1902, chapter 1302, as amended by the act of December 21, 1905 (ch. 3, sec. 1, 34 Stat. 5), as now compiled in section 743 of title 31 of the United States Code. All funds derived from the sale of such bonds shall be paid over to the Corporation.

SEC. 16. The board, whenever the President deems it advisable, is hereby empowered and directed to complete Dam No. 2 at Muscle Shoals, Alabama, and the steam plant at nitrate plant no. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant no. 2.

HOUSE BILL

Such construction shall be according to the latest and most approved designs of the Chief of Engineers, including powerhouse and hydroelectric installations and equipment for the generation of electric power in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of promoting navigation by increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam Numbered 2 and at any and all other dams below the said Cove Creek Dam.

SEC. 17. In order to enable and empower the board to carry out the authority hereby conferred in the most economical and efficient manner, it is hereby authorized and empowered in the exercise of the powers of national defense, in the aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies, and with railroads, railroad corporations, common carriers, and all public-utility commissions, and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the Authority for use and operation in connection with the general Muscle Shoals and Tennessee Valley project and to promote flood control and navigation in the Tennessee River.

SENATE AMENDMENT

SEC. 17. It is hereby declared to be the policy of the Government to utilize the Muscle Shoals properties so far as may be necessary to improve and cheapen the production of fertilizer and fertilizer ingredients by carrying out the provisions of this act.

AGREEMENT IN CONFERENCE

SEC. 17. The Secretary of War, or the Secretary of the Interior, is hereby authorized to construct, either directly or by contract to the lowest responsible bidder, after due advertisement, a dam in and across Clinch River in the State of Tennessee, which has by long custom become known and designated as the Cove Creek Dam, together with a transmission line from Muscle Shoals, according to the latest and most approved designs, including power house and hydroelectric installations and equipment for the generation of power, in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam: *Provided, however,* That the President is hereby authorized by appropriate order to direct the employment by the Secretary of War, or by the Secretary of the Interior, of such engineer or engineers as he may designate, to perform such duties and obligations as he may deem proper, either in the drawing of plans and specifications for said dam, or to perform any other work in the building or construction of the same. The President may, by such order, place the control of the construction of said dam in the hands of such engineer or engineers taken from private life as he may desire: *And provided further,* That the President is hereby expressly authorized, without regard to the restriction or limitation of any other statute, to select attorneys and assistants for the purpose of making any investigation he may deem proper to ascertain whether, in the control and management of Dam No. 2, or any other dam or property owned by the Government in the Tennessee River Basin, or in the authorization of any improvement therein, there has been any undue or unfair advantage given to private persons, partnerships, or corporations, by any officials or employees of the Government, or whether in any such matters the Government has been injured or unjustly deprived of any of its rights.

HOUSE BILL

Sec. 18. The Authority, as an instrumentality and agency of the Government of the United States for the purpose of executing its lawful powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulae, and scientific information (but not including access to pending applications for patents) necessary to enable the Authority to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this right by the Authority shall have as the exclusive remedy a cause of action against the Authority, to be instituted and prosecuted on the equity side of the district court of the United States, in any district where infringement has occurred for the recovery of judgment for reasonable compensation. Service may be made in any such way as the court may direct. The Commissioner of Patents shall furnish to the Authority, at its request and without payment of fees, copies of documents on file in his office.

Sec. 19. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives, or for other war purposes.

SENATE AMENDMENT

Sec. 18. The Secretary of War, or the Secretary of the Interior, is hereby authorized to construct, either directly or by contract to the lowest responsible bidder, after due advertisement, a dam in and across Clinch River in the State of Tennessee, which has by long custom become known and designated as the Cove Creek Dam, together with a transmission line from Muscle Shoals, according to the latest and most approved designs of the Chief of Engineers, including power house and hydroelectric installations and equipment for the generation of at least 200,000 horsepower, in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam: *Provided, however,* That the President is hereby expressly authorized by the appropriate order to direct the employment by the Secretary of War, or by the Secretary of the Interior, of such engineer or engineers as he may designate, to perform such duties and obligations as he may deem proper, either in the drawing of plans and specifications for said dam, or to perform any other work in the building or construction of the same. The President may, by such order, place the control of the construction of said dam in the hands of such engineer or engineers taken from private life as he may desire: *And provided further,* That the President is hereby expressly authorized, without regard to the restriction or limitation of any other statute, to select attorneys and assistants for the purpose of making any investigation he may deem proper to ascertain whether, in the control and management of Dam No. 2, or any other dam or property owned by the Government in the Tennessee River Basin, or in the authorization of any improvement therein, there has been any undue or unfair advantage given to private persons, partnerships, or corporations, by any officials or employees of the Government, or whether in any such matters the Government has been injured or unjustly deprived of any of its rights.

Sec. 19. In order to enable and empower the Secretary of War or the Secretary of the Interior to carry out the authority hereby conferred, in the most economical and efficient manner, he is hereby authorized and empowered in the exercise of the powers of national defense in aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain for all purposes of this

AGREEMENT IN CONFERENCE

Sec. 18. In order to enable and empower the Secretary of War, the Secretary of the Interior, or the board to carry out the authority hereby conferred, in the most economical and efficient manner, he or it is hereby authorized and empowered in the exercise of the powers of national defense in aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain for all purposes of this act, and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam, and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies and with railroads, railroad corporations, common carriers, and all public utility commissions and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this Act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the Corporation for use and operation in connection with the general Tennessee Valley project, and to promote flood control and navigation in the Tennessee River.

Sec. 19. The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulas, and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

act and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies and with railroads, railroad corporations, common carriers, and all public-utility commissions and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the Corporation for use and operation in connection with the general Muscle Shoals project and to promote flood control and navigation in the Tennessee River.

SEC. 20. The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulas, and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any patentee whose patent rights may have been thus in any way copied, used, or employed by the exercise of this authority by the Corporation shall have as the exclusive remedy of a cause of action to be instituted and prosecuted on the equity side of the appropriate district court of the United States for the recovery of reasonable compensation for such infringement. The Commissioner of Patents shall furnish to the Corporation, at its request and without payment of fees, copies of documents on file in his office: *Provided*, That the benefits of this section shall not apply to any art, machine, manufacture, or composition of matter discovered or invented by such employee during the time of his employment or service with the Corporation or with the Government of the United States.

SEC. 21. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives or for other war purposes; but, if

production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the Corporation shall have as the exclusive remedy a cause of action against the Corporation to be instituted and prosecuted on the equity side of the appropriate district court of the United States for the recovery of reasonable compensation for such infringement. The Commissioner of Patents shall furnish to the Corporation, at its request and without payment of fees, copies of documents on file in his office: *Provided*, That the benefits of this section shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by such employee during the time of his employment or service with the Corporation or with the Government of the United States.

SEC. 20. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives or for other war purposes; but, if this right is exercised by the Government, it shall pay the reasonable and fair damages that may be suffered by any party whose contract for the purchase of electric power or fixed nitrogen or fertilizer ingredients is hereby violated, after the amount of the damages has been fixed by the United States Court of Claims in proceedings instituted and conducted for that purpose under rules prescribed by the court.

SEC. 21. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of

SEC. 20 (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States shall apply to the moneys and property of the Authority and to moneys and properties of the United States intrusted to the Authority.

(b) Any person who, with intent to defraud the Authority, or to deceive any director, officer, or employee of the Authority or any officer or employee of the United States, makes any false entry in any book of the Authority, or makes any false report or statement for the Authority shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than 5 years, or both.

(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Authority or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

SEC. 21. In order that the board may not be delayed in carrying out the program authorized herein the sum of \$10,000,000 is hereby authorized to be appropriated for that purpose from the Treasury of the United States, of which not to exceed \$4,000,000 shall be made available with which to begin construc-

HOUSE BILL

tion of Cove Creek Dam during the calendar year 1933, and begin the production of fertilizer and/or fertilizer ingredients.

SEC. 22. The President of the United States, for 1 year from the date of the enactment of this act, is hereby authorized and empowered to enter into negotiations and conclude agreements with any person, firm, or corporation for the exchange of electric energy generated and to be generated by the Authority at any plant intrusted to and under the control of the Authority, in consideration of the conveyance by any such person, firm, or corporation of any property or property rights on which the Authority may construct a plant or plants for the production of electric energy, upon such terms, conditions, and limitations as to the President shall seem meet and proper. The President is further authorized for 1 year from the date of this act to lease or sell to any person, firm, or corporation such land not needed for national defense, fertilizer production, power production, or other governmental purposes upon such terms, conditions, and limitations as to the President shall seem meet and proper: *Provided, however,* That the President shall first have the land appraised: *Provided further,* That no lease shall be for a term to exceed 50 years: *Provided further,* That any sale shall be on condition that said land shall be used for industrial purposes only.

SEC. 23. The Authority may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights of way which, in the opinion of the board are necessary in carrying out the foregoing projects. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right of way, or other interest is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree

SENATE AMENDMENT

this right is exercised by the Government, it shall pay the reasonable and fair damages that may be suffered by any party whose contract for the purchase of electric power or fixed nitrogen or fertilizer ingredients is hereby violated, after the amount of the damages has been fixed by the United States Court of Claims in proceedings instituted and conducted for that purpose under rules prescribed by the court.

SEC. 22. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States intrusted to the Corporation.

(b) Any person who, with intent to defraud the Corporation, or to deceive any director, officer, or employee of the Corporation or any officer or employee of the United States (1) makes any false entry in any book of the Corporation, or (2) makes any false report or statement for the Corporation, shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than 5 years, or both.

(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion or agreement, express or implied, with intent to defraud the Corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

SEC. 23. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent to this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee basin and adjoining territory as may be useful to the Congress

AGREEMENT IN CONFERENCE

the United States intrusted to the Corporation.

(b) Any person who, with intent to defraud the Corporation, or to deceive any director, officer, or employee of the Corporation or any officer or employee of the United States (1) makes any false entry in any book of the Corporation, or (2) makes any false report or statement for the Corporation, shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than 5 years, or both.

(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

SEC. 22. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent to this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized, by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds, or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby, or subdivisions or agencies of such States, or with cooperative or other organizations, and to make such studies, experiments, or demonstrations as may be necessary and suitable to that end.

SEC. 23. The President shall, from time to time, as the work provided for in the preceding section progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section, and for the especial purpose of bringing about in said Tennessee drainage basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper

HOUSE BILL

quieting the title thereto in the United States of America.

Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners, who shall be disinterested persons and who shall take and subscribe to an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said projects, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not less than \$15 per day for their services, together with an additional amount of \$5 per day for subsistence for time actually spent in performing their duties as commissioners.

It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpoena witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court the clerk of said court shall give notice of the filing of such award to the parties to said proceeding, in manner and form as directed by the judge of said court. Within 30 days after giving notice of such award by the clerk of said court as hereinabove provided, any party to such proceeding deeming himself aggrieved may file in writing with the clerk of said district court a demand for a jury trial upon the question of the reasonableness of the award so made, and upon such filing of a demand, or any such demand or demands, the judge of said district court shall cause a jury to be empaneled pursuant to the usual practices of such district court and, thereupon, the causes of all parties so demanding jury trials shall be heard de novo by the court and jury, and awards made according to the usual practices of such district courts.

Nothing in this act contained shall be construed to entitle each property owner to have a separate jury empaneled to determine the award to be made for any piece or parcel of property owned by him, but the trial judge shall determine and order the manner

SENATE AMENDMENT

and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby, or subdivisions or agencies of such States, or with cooperative or other organizations, and to make such studies, experiments, or demonstrations as may be necessary and suitable to that end.

AGREEMENT IN CONFERENCE

use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the economic and social well-being of the people living in said river basin.

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

of the trial of said causes respecting the rights of the several owners, either by having the same jury determine the rights of all litigants who shall demand jury trials, or by grouping several tracts or parcels of land into separate jury groups, in which event in his discretion the trial judge or the trial judges, who may be presiding at such trial or trials, shall permit all litigants or counsel for litigants affected or to be affected by the determination of such jury to examine the jurors upon voir dire and to participate in the arguments to be presented to the jury at the conclusion of the evidence.

Where property to be affected by this act is situated in more than one judicial district of the United States, its value shall be determined by a jury to be selected of and from the judicial district where any part of such property is situated.

In the event of any property owned in whole or in part by minors, or insane persons, or incompetent persons, or estates of deceased persons, then the legal representatives of such minors, insane persons, incompetent persons, or estates shall have power by and with the consent and approval of the trial judge in whose court said matter is for determination, to consent to or reject the awards of the commissioners herein provided for, and in the event there be no legal representatives or the legal representatives for such minors, insane persons, or incompetent persons shall fail or decline to act, then such trial judge may, upon motion, appoint a guardian ad litem to act for such minors, insane persons, or incompetent persons, and such guardian ad litem shall act to the full extent and to the same purpose and effect as his ward could act, if competent, and such guardian ad litem shall be deemed to have full power and authority to respond, to conduct or maintain any proceeding herein provided for affecting his said ward.

Upon acceptance of an award by the owner of any property herein provided to be appropriated and the payment of the money awarded, or upon the award of the jury and judgment of the district court and the payment of the money by the United States pursuant thereto, and the payment of the money awarded into the registry of the court by the Authority herein provided for, the title to said property and the right to the possession thereof shall pass to the United States and the United States shall be entitled to a writ in the same proceeding to dispossess the former owner of said property and all lessees, agents, and attorneys of such former owner, and to put the United States, by its corporate creature and agent, the Authority, into possession of said property.

Appeals from the final judgment of the district courts of the United States shall be prosecuted in like manner as

HOUSE BILL

appeals in other cases, but no supersedeas shall be allowed, but the amount so paid into the registry of the court shall remain in the registry of said court and shall from time to time, under order of the district judge be increased or diminished and disbursed in accordance with the final disposition of said cause.

SEC. 24. The board, acting for the Authority, is hereby authorized and empowered to issue on the credit of the United States and to sell bonds not exceeding \$50,000,000 in amount, having a maturity not more than 60 years from the date of issue thereof, and bearing interest not exceeding 3 per centum per annum, and when said bonds are so issued, they shall constitute a first lien upon all net income from property of the United States hereby intrusted, and hereafter to be intrusted, to the possession and control of the Authority, after payment of operating costs, maintenance, depreciation and reasonable capital charges. Said bonds shall be issued and sold in amounts and prices approved by the Secretary of the Treasury, but all such bonds as may be so issued and sold shall have equal rank as to lien upon the net income from said property. None of said bonds shall be sold below par, and no fee, commission, or compensation whatever shall be paid to any person, firm, or corporation for handling, negotiating the sale, or selling the said bonds. All of such bonds so issued and sold shall have all the rights and privileges accorded by law to Panama Canal bonds, authorized by section 8 of the Act of June 28, 1902, chapter 1302, as amended by the Act of December 21, 1905 (ch. 3, sec. 1, 34 Stat. 5), as now compiled in section 743 of title 31 of the United States Code. All funds derived from the sale of such bonds shall be paid over to the Authority.

SEC. 25. That the President of the United States is hereby authorized and empowered to investigate and to declare, as a result of his investigation, what proportion and part of the cost of any power plant hereafter to be acquired or conducted, and intrusted to the Authority, is properly and fairly chargeable to the several and respective factors of flood control, navigation, and power, and such declaration by the President shall be the final and official determination thereof. Such determination and declaration shall thereafter be binding upon the Government, and upon any of the holders

SENATE AMENDMENT

SEC. 24. The President shall, from time to time, as the work provided for in section 23 progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee drainage basin in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin.

SEC. 25. For the purpose of securing any rights of flowage, or obtaining title to or possession of any property, real or personal, that may be necessary or may become necessary, in the carrying out of any of the provisions of this act, the President of the United States is hereby authorized to enter into contracts with the owner or owners of such rights or such property, and to provide for the payment of same by delivery of hydroelectric, steam, or other power generated at any of the plants now owned or hereafter owned or constructed by the Government or by said Corporation likewise, for 1 year after the en-

AGREEMENT IN CONFERENCE

SEC. 24. For the purpose of securing any rights of flowage, or obtaining title to or possession of any property, real or personal, that may be necessary or may become necessary, in the carrying out of any of the provisions of this act, the President of the United States for a period of 3 years from the date of the enactment of this act, is hereby authorized to acquire title in the name of the United States to such rights or such property, and to provide for the payment for same by directing the board to contract to deliver power generated at any of the plants now owned or hereafter owned or constructed by the Government or by said Corporation, such future delivery of power to continue for a period not exceeding 30 years. Likewise, for 1 year after the enactment of this act, the President is further authorized to sell or lease any parcel or part of any vacant real estate now owned by the Government in said Tennessee River Basin, to persons, firms, or corporations who shall contract to erect thereon factories or manufacturing establishments, and who shall contract to purchase of said Corporation electric power for the operation of any such factory or manufacturing establishment. No contract shall be made by the President for the sale of any of such real estate as may be necessary for present or future use on the part of the Government for any of the purposes of this act. Any such contract made by the President of the United States shall be carried out by the board: *Provided*, That no such contract shall be made that will in any way abridge or take away the preference right to purchase power given in this act to States, counties, municipalities, or farm organizations: *Provided further*, That no lease shall be for a term to exceed 50 years: *Provided further*, That any sale shall be on condition that said land shall be used for industrial purposes only.

SEC. 25. The Corporation may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights of way which, in the opinion of the Corporation, are necessary to carry out the provisions of this act. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right of way, or other interest, or any part thereof, is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States

HOUSE BILL

of the bonds herein authorized to be issued and sold, in the event of any litigation concerning any bonds defaulted as to principal or interest, or both, and such declaration and determination shall be the basis of apportionment of contribution from the general funds of the Government and from the power funds of the Authority in the appraisal of existing plants and in the financing of construction for other plants: *Provided*, That as to Dam No. 2 the amount of the cost chargeable to power is hereby fixed at \$30,000,000, and the remainder of the total cost to the date of this act shall be charged to national defense, flood control, and navigation: *Provided further*, That the Authority shall pay annually into the Federal Treasury 2 per centum on the \$30,000,000 chargeable to power: *Provided further*, That the Authority shall create a sinking fund which, paid in annually with compound interest, will amortize and return to the Federal Treasury the entire cost of the said dam to the date of this act over a period of 60 years.

SENATE AMENDMENT

actment of this act, the President is authorized to sell parcels or parts of any vacant real estate now owned by the Government, or hereafter acquired, in said Tennessee River Basin, to persons or corporations desiring to purchase the same for the purpose of erecting thereon factories or manufacturing establishments, and who desire to purchase of said Corporation electric power for the operation of any such factory or manufacturing establishment. No contract shall be made by the President for the sale of any of such real estate, if the same is valuable, or may become necessary or valuable, for use on the part of the Government for any of the purposes of this act. Any such contract made by the President of the United States, or under his direction, and approved by him, shall be carried out by the board: *Provided*, That no such contract shall be made that will in any way abridge or take away the preference right given in this act to States, counties, municipalities, or farm organizations.

AGREEMENT IN CONFERENCE

in fee simple, and to enter a decree quieting the title thereto in the United States of America.

Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners who shall be disinterested persons and who shall take and subscribe an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said project, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not to exceed \$15 for their services, together with an additional amount of \$5 per day for subsistence for time actually spent in performing their duties as commissioners.

It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpoena witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court the clerk of said court shall give notice of the filing of such award to the parties to said proceeding, in manner and form as directed by the judge of said court.

Either or both parties may file exceptions to the award of said commissioners within 20 days from the date of the filing of said award in court. Exceptions filed to such award shall be heard before three Federal district judges unless the parties, in writing, in person, or by their attorneys, stipulate that the exceptions may be heard before a lesser number of judges. On such hearings such judges shall pass de novo upon the proceedings had before the commissioners, may view the property, and may take additional evidence. Upon such hearings the said judges shall file their own award, fixing therein the value of the property sought to be condemned, regardless of the award previously made by the said commissioners.

At any time within 30 days from the filing of the decision of the district judges upon the hearing on exceptions to the award made by the commissioners, either party may appeal from

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

such decision of the said judges to the circuit court of appeals, and the said circuit court of appeals shall upon the hearing on said appeal dispose of the same upon the record, without regard to the awards or findings theretofore made by the commissioners or the district judges, and such circuit court of appeals shall thereupon fix the value of the said property sought to be condemned.

Upon acceptance of an award by the owners of any property herein provided to be appropriated, and the payment of the money awarded or upon the failure of either party to file exceptions to the award of the commissioners within the time specified, or upon the award of the commissioners, and the payment of the money by the United States pursuant thereto, or the payment of the money awarded into the registry of the court by the Corporation, the title to said property and the right to the possession thereof shall pass to the United States, and the United States shall be entitled to a writ in the same proceeding to dispossess the former owner of said property, and all lessees, agents, and attorneys of such former owner, and to put the United States, by its corporate creature and agent, the Corporation, into possession of said property.

In the event of any property owned in whole or in part by minors, or insane persons, or incompetent persons, or estates of deceased persons, then the legal representatives of such minors, insane persons, incompetent persons, or estates shall have power, by and with the consent and approval of the trial judge in whose court said matter is for determination, to consent to or reject the awards of the commissioners herein provided for, and in the event that there be no legal representatives, or that the legal representatives for such minors, insane persons, or incompetent persons shall fail or decline to act, then such trial judge may, upon motion, appoint a guardian ad litem to act for such minors, insane persons, or incompetent persons, and such guardian ad litem shall act to the full extent and to the same purpose and effect as his ward could act, if competent, and such guardian ad litem shall be deemed to have full power and authority to respond, to conduct, or to maintain any proceeding herein provided for affecting his said ward.

SEC. 26. Insofar as applicable the benefits of the act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this Act.

SEC. 26. The Corporation may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights of way which, in the opinion of the Corporation, are necessary to carry out the provisions of this act. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right of way, or other interest is located, and such court shall have full jurisdiction to divest the complete title to the property

SEC. 26. The net proceeds derived by the board from the sale of power and any of the products manufactured by the Corporation, after deducting the cost of operation, maintenance, depreciation, amortization, and an amount deemed by the board as necessary to withhold as operating capital, or devoted by the board to new construction, shall be paid into the Treasury of the United States at the end of each calendar year.

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America.

Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners who shall be disinterested persons and who shall take and subscribe an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said project, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not to exceed \$15 per day for their services, together with an additional amount of \$5 per day for subsistence for time actually spent in performing their duties as commissioners.

It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpoena witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court the clerk of said court shall give notice of the filing of such award to the parties to said proceeding, in manner and form as directed by the judge of said court.

Either or both parties may file exceptions to the award of said commissioners within 20 days from the date of the filing of said award in court. Exceptions filed to such award shall be heard before three Federal district judges unless the parties, in writing, in person, or by their attorneys, stipulate that the exceptions may be heard before a lesser number of judges. On such hearing such judges shall pass de novo upon the proceedings had before the commissioners, may view the property, and may take additional evidence. Upon such hearings the said judges shall file their own award, fixing therein the value of the property sought to be condemned, regardless of the award previously made by the said commissioners.

HOUSE BILL

SEC. 27. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River Drainage Basin and of such adjoining territory as may be related to or materially affected by the developments consequent to this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby.

SEC. 28. The President shall, from time to time, as the work provided for in this act progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee Drainage Basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River, and its tributaries, for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin; and (7) the economic and social well-being of the people living in said river basin and all adjacent territory.

SEC. 29. That all appropriations necessary to carry out the provisions of this act are hereby authorized.

SENATE AMENDMENT

At any time within thirty days from the filing of the decision of the district judges upon the hearing on exceptions to the award made by the commissioners, either party may appeal from such decision of the said judges to the circuit court of appeals, and the said circuit court of appeals shall upon the hearing on said appeal dispose of the same upon the record, without regard to the awards or findings theretofore made by the commissioners or the district judges, and such circuit court of appeals shall thereupon fix the value of the said property sought to be condemned.

SEC. 27. All appropriations necessary to carry out the provisions of this act are hereby authorized.

SEC. 28. All acts or parts of acts in conflict herewith are hereby repealed.

SEC. 29. The right to alter, amend, or repeal this act is hereby expressly declared and reserved.

AGREEMENT IN CONFERENCE

SEC. 27. All appropriations necessary to carry out the provisions of this act are hereby authorized.

SEC. 28. That all acts or parts of acts in conflict herewith are hereby repealed, so far as they affect the operations contemplated by this act.

SEC. 29. The right to alter, amend, or repeal this act is hereby expressly declared and reserved, but no such

HOUSE BILL

SENATE AMENDMENT

AGREEMENT IN CONFERENCE

SEC. 30. That all acts or parts of acts in conflict herewith are hereby repealed, so far as they affect the operations contemplated by this act.

SEC. 31. The right to alter, amend, or repeal this act is hereby expressly declared and reserved, but no such amendment or repeal shall operate to impair the obligation of any contract made by said Authority under any power conferred by this act.

SEC. 32. The sections of this act are hereby declared to be separable, and in the event any one or more sections of this act be held to be unconstitutional, the same shall not affect the validity of other sections of this act.

Mr. McSWAIN. Mr. Speaker, I yield 3 minutes to the gentleman from Alabama [Mr. ALMON]. [Applause.]

Mr. ALMON. Mr. Speaker, I am in favor of and will vote for the adoption of this conference report. [Applause.]

I regret that the provision of the House bill for the operation of nitrate plant no. 2 for the manufacture of fertilizer was not made a part of this bill by the conferees. The House bill required the board to operate this plant for the manufacture of fertilizer. The conferees' report authorizes the President to lease the plant within 1 year; if he fails in this, the board of directors are authorized but not required to operate plant no. 2. I sincerely hope that the board of directors appointed by the President will by that time conclude to put the plant into operation for the purpose of furnishing to the farmers a cheap and better grade of fertilizer. It is also unfortunate that the plant is not to be put in operation at once to relieve unemployment.

Plant no. 2 is one of the best plants for the fixation of atmospheric nitrogen in the world, and I am informed is the only one of the kind that is idle. The cyanamide process used in this plant is in my opinion the best process for that locality, where there is an abundance of cheap power. I sincerely hope the board will place this plant in operation for the purpose for which it was constructed, and in that way maintain it in an up-to-date running condition for the manufacture of explosives in the event of war.

I am pleased with that provision of the bill providing for the immediate construction of Cove Creek Storage Dam and that it authorizes the construction of all the other dams on the Tennessee River and its tributaries. I urged that provision be made in this bill for the immediate construction of Dam No. 3, and while this report does not specifically require the construction of this dam I hope and believe that it will be done by the board. This is not only important for the purpose of improving navigation, pre-

amendment or repeal shall operate to impair the obligation of any contract made by said Corporation under any power conferred by this act.

SEC. 30. The sections of this act are hereby declared to be separable, and in the event any one or more sections of this act be held to be unconstitutional, the same shall not affect the validity of other sections of this act.

And the Senate agree to the same.

Amend the title so as to read: "An Act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes."

And the House agree to the same.

venting floods, and development of water power, but it would do more to relieve unemployment now than later on. However, there are many other good things in this bill, better than has been provided in other Muscle Shoals bills heretofore.

I am also pleased that Alabama and Tennessee will each receive 5 percent of the gross receipts and an additional 2½ percent of the gross receipts to each of said States after the completion of Cove Creek Dam.

I am happy that we have at last succeeded in enacting wise and far-reaching provisions for the rehabilitation of the Muscle Shoals plants and development of the entire Tennessee River Basin.

On behalf of the people of the Muscle Shoals district, which I have the honor to represent, I desire to express my appreciation to President Franklin D. Roosevelt and all others who have aided in bringing about this great development in the Tennessee Valley. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 7 minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain excerpts from the conference report, and public documents.

The SPEAKER pro tempore (Mr. FULLER). Is there objection?

There was no objection.

Mr. GOSS. Mr. Speaker, it is quite interesting to note that when this conference report came back from the Senate the name of the minority member on the Committee of Conference, the distinguished gentleman from Michigan [Mr. JAMES], was not attached to it. I think this is the first bill with reference to Muscle Shoals development that the gentleman from Michigan has not been for.

We hardly recognize the bill as the bill H.R. 5081 which left the House recently. It has come back to us almost entirely as the "Norris bill", so-called.

I call attention to section 13 of this bill, page 54:

Sec. 13. Five percent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 percent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam or steam plant located in the State of Tennessee, shall be paid to the State of Tennessee.

I call attention to the fact that regardless of what the gross revenues may be and regardless of any losses that may occur in the operation of these plants, nevertheless, 5 percent of the gross proceeds will be paid to those two States. It is possible to conceive that if perhaps a billion dollars may be invested there, as some think it will, many, many millions of dollars of gross revenue will be earned, and yet it is also equally easy to observe that we may have millions of dollars of losses. I said before, those two States will be paid out of the gross proceeds from the sale of power, regardless of what the situation is.

Mr. RANKIN. Will the gentleman yield?

Mr. GOSS. Yes; I yield.

Mr. RANKIN. This is supposed to be in lieu of taxes.

Mr. GOSS. It is in lieu of taxes, but I think that if a maximum of the amount of taxes paid now were placed in the bill, it would have been a much fairer basis than is in the bill.

Mr. RANKIN. If those plants had been built and operated by private enterprise, the States of Alabama and Tennessee could then levy taxes, whether the corporations made anything or not; is that not true?

Mr. GOSS. Well, we could have given it to the States willingly.

Mr. RANKIN. But the gentleman just stated that the States of Alabama and Tennessee would get this 5 percent whether the Authority lost money or not.

Mr. GOSS. That is true.

Mr. RANKIN. Now, this is in lieu of taxes—

Mr. GOSS. That is true; but the State of Alabama granted a 10-year relief in taxes to the Alabama Power Co.

Mr. RANKIN. If this property had been purchased and the plants built by private enterprise, the States of Alabama and Tennessee could still have collected taxes, whether the corporations made money or not.

Mr. GOSS. The gentleman knows it is pretty hard to have the cake and eat it too, and that is what we are doing in this bill.

Mr. RANKIN. But the justification for this is that we are taking this property from the States of Alabama and Tennessee, and this is in lieu of what taxes they would otherwise get.

Mr. GOSS. Would you take it back as a gift?

Mr. ALLGOOD. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. ALLGOOD. In addition to the properties where the dams are, there will be a great area, acres and acres of land, to be condemned and removed from taxation.

Mr. GOSS. Oh, yes; but the gentleman knows that provision was not in the House bill; and there are many gentlemen on the Democratic side, if they had an opportunity to amend it, who would not want to see that provision in this bill as a matter of fairness to all of the other 46 States.

Mr. ALLGOOD. But the other body has to be taken into consideration. We cannot pass just the bill which the House wants.

Mr. GOSS. Oh, the gentleman knows better than that.

Mr. ALLGOOD. How does he know better?

Mr. GOSS. What are you going to do with this report this morning? Are you going to vote up or vote down the conference report? If you vote it down, you can send it back to conference and have this provision removed, or move then an amendment to the Senate amendment and accomplish the purpose.

Mr. ALLGOOD. We are going to vote upon the conference report and dispose of it.

Mr. GOSS. I am telling the gentleman how he can fix that, and he knows that himself.

The language of section 12 of H.R. 5081, as approved in conference, creating the Tennessee Valley authority, which authorizes construction of transmission lines within transmission distance from Government-owned power plants, is as follows:

In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized * * * to construct, lease, purchase, or authorize the construction of transmission lines within transmission distance from the place where generated and to interconnect with other systems.

The above language is incorporated in the act as finally passed in lieu of a provision as it passed the House, as follows:

In event the board is unable to make satisfactory contracts with persons, firms, or corporations engaged in the distribution and resale of electricity as in this act provided, or for the use or purchase of such transmission lines, it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from proceeds from the sale of bonds as herein authorized, with the approval of the President, to construct, lease, or authorize the construction of transmission lines within transmission distance not to exceed 400 miles from the place where the power is generated, if transmission lines are found economically justified and necessary to carry out the provisions of this act.

The language agreed to in conference, being the same as it passed the Senate, admits of the construction that in order for the Federal corporation to be in position to make contracts for sale of power upon a fair basis and to receive bids for power, it is necessary as a condition precedent to negotiating contracts that the Government shall construct transmission lines for disposing of surplus power, and thus create a system to be interconnected with other systems. Whether that is the intention, the implication is that the Government will be unable to market surplus power upon a fair basis either to States, political subdivisions or to individuals, partnerships, or corporations unless it first builds transmission lines to power markets. If such is the purpose of the language employed and the legislative intent, it is not sustained by the facts surrounding the history of attempts to enact Muscle Shoals legislation during recent years.

Section 18 authorizes the Secretary of War or the Secretary of the Interior to construct or contract for the construction of a power and storage dam some 300 miles upstream from Muscle Shoals on the Clinch River, a tributary of the Tennessee, at a site known as Cove Creek, and also to construct a transmission line connecting the Cove Creek power plant with the power plants at Muscle Shoals. The language of section 18 in connection with section 27 which authorizes all necessary appropriations for the purposes of the act, in effect makes mandatory the construction of a transmission line connecting the Cove Creek and Muscle Shoals power plants, estimated according to the evidence before the Military Affairs Committee and reports of Army engineers to cost \$5,000,000. This mandatory duty upon an executive officer of the Government to construct an interconnecting line appears to be independent of any discretion in the board of directors of the Government corporation in event funds are appropriated by some subsequent act of Congress or authority is included in some blanket power to proceed with a program of public-works construction.

The language of the bill as it passed the House—H.R. 5081, section 16—qualified the authority to construct a transmission line from Cove Creek to Muscle Shoals as follows:

Provided, That such transmission line may be constructed only if the board is unable to make contracts satisfactory to the Authority with owners of privately owned lines for the transmission of power or for the use or the purchase of transmission lines, and if, after investigation, the Authority shall find that such transmission line is economically justifiable and necessary to carry the purposes of this act.

The report of the managers on the part of the House contains the following statement:

The language of the Senate amendment with reference to the construction of transmission lines was retained in the conference amendment. It will be remembered that the provision in the House bill requiring the board to negotiate for the use of private lines before constructing its own transmission lines laid down no specifications whatever as to just what these negotiations should be, and in no way required the board to conduct indefinite negotiations, but left the matter of the extent of the negotiations entirely to the discretion of the board. It must be remembered that the requirement in the beginning of section 13 of the House bill that the board first seek to make satisfactory contracts to purchase existing transmission lines or to make satisfactory arrangements with persons, firms, and corporations to resell and distribute surplus power was clearly intended solely in the interest of economy and lower rates to the public and could in no sense have restricted the power of the board to build new transmission lines. Further, "satisfactory" arrangements undoubtedly would have meant that the board itself would, as expressly required in said section, fix the prices at which such power should be sold to the ultimate consumer. Consequently, it was the purpose of the House bill to insure even cheaper power to the public. But the elimination in conference of the language in the House bill as to "negotiations" will not mean that the board will not probably, as good business men, seek to prevent duplication of lines and facilities by purchasing existing lines or by negotiating contracts to distribute and resell power at low stipulated rates to the public.

With reference to the construction of a transmission line from Cove Creek to Wilson Dam—Muscle Shoals—the managers stated as follows:

The provision for the construction of Cove Creek Dam and the transmission line connecting it with Wilson Dam was substantially the same in both the House bill and the Senate amendment, and the construction of these necessary projects will begin just as soon as funds are made available for that purpose at this session of Congress.

Whether or not the purpose of the language accepted in conference and incorporated in the law is to make mandatory the construction of transmission lines, including a line from Cove Creek to Wilson Dam, it appears to be the purpose of the author [Senator NORRIS, of Nebraska] of the Senate amendment to require the construction of transmission lines without regard to their economic necessity and without regard to the ability of the corporation to dispose of its surplus power on a fair basis both with respect to the public interest involved and to the ability of the corporation to dispose of the power on a reasonable basis for its market value. Such purpose of the legislation seems to be borne out by the statement of the Senator from Nebraska in the Senate during discussion of this legislation (CONGRESSIONAL RECORD, May 2, 1933), as follows:

One of the first things, if this bill shall become a law, that they will be called upon to do, I think, will be to build a transmission line from Muscle Shoals to Cove Creek Dam to include the two governmental generating plants, and in order to use the power which is now going to waste and from which nobody is getting anything, in connection with the construction of Cove Creek Dam.

However, regardless of the legislative intent, as evidenced by the debates and the reports, and regardless of the plain import of the language employed in the legislation, the record of Muscle Shoals legislation since 1921 amply sustains the statement that private industry has all along shown a willingness to cooperate with the Government and has offered to purchase surplus power from the Muscle Shoals plants on a fair basis and, as to the transmission line to Cove Creek, to cooperate with the Government either in the sale at fair prices of power for construction purposes at Cove Creek or to transmit or interchange power between the two points over existing privately owned lines at reasonable prices. Thus there is no necessity for the Government to build transmission lines in order to dispose of surplus power at a fair market value.

These various proposals have been submitted by individuals and corporations reputed to be financially able to carry out their contracts—corporations of well-known business success and integrity.

The first was an offer by Mr. Henry Ford, the automobile magnate, made to the Secretary of War on the 8th day of July 1921, and transmitted by the Secretary of War to the Congress, in which Mr. Ford agreed to take title to the nitrate plants, subject to use for national defense when needed, and to make total payments of \$132,515,000 for lease

of the power plants for a period of 100 years—an average of \$1,325,000 annually. On the basis of the allocated investment of the Government in power-plant facilities at Muscle Shoals, this would have earned a reasonable return without obligation for additional expenditures from the Public Treasury. The proposal of Mr. Ford was resubmitted at each succeeding session of Congress until in October 1924, when it was withdrawn.

On January 15, 1922, the Alabama Power Co. proposed to complete the construction of the Wilson Dam power plant at its own expense and to lease for 50 years as a licensee under the Federal Water Power Act, and to supply certain quantities of power free of cost for operation of the nitrate plants or, if not used in that manner, to pay a fair value for the same.

A subsequent proposal, submitted January 15, 1924, jointly by the Tennessee Electric Power Co., the Alabama Power Co., and the Memphis Power & Light Co. offered a total of \$87,600,000 for a 50-year lease, plus such future payments as might be assessed against the lessee under the provisions of the Federal Water Power Act for benefits from headwater improvements.

On January 21, 1924, the Union Carbide Co. submitted an offer to lease and operate the nitrate and power plants for commercial chemical operations and to pay over a period of 50 years the sum of \$28,324,200.

On March 9, 1926, the Air Nitrates Corporation submitted an offer to take over the entire Muscle Shoals project, to operate in a manner to serve national defense, to manufacture fertilizer and other chemicals, and to pay \$75,509,000 for a 50-year lease contract. This proposal, modified in certain details, was renewed to each Congress until 1928.

In April 1926 a proposal was submitted on behalf of a group of power companies, known as Associated Southern Power Cos., to lease the entire Muscle Shoals project for a period of 50 years and to pay \$88,300,000 as rental, plus certain stipulated amounts for headwater improvements estimated to increase the payments for the 50-year period to \$136,300,000.

In 1928 a group of southern power companies submitted a proposal to the Secretary of War, solicited by the Secretary of War, to purchase all the commercially usable power at Wilson Dam for a period of 5 years, subject to recall either in part or in whole for such purposes as the Government might require, in which it was proposed to guarantee a minimum payment of \$9,740,000. That offer, if it had been accepted, would have continued through the calendar year 1933 unless sooner canceled by the Government. According to a letter from the Chief of Engineers to Hon. Will R. Wood, Chairman of the House Committee on Appropriations, dated January 16, 1931—

The guaranteed revenue which would have been derived had this contract been consummated would have been about \$1,625,000 more to the end of 1930 than the revenue received under the actual agreements, and during the years 1931, 1932, and 1933 would be sufficient to pay for operating and maintenance expenses, depreciation, and approximately 4-percent interest on the investment in the hydroelectric property. However, this contract was not accepted, as its terms would have prevented the prompt disposition of the Muscle Shoals property, which it was then expected would be made by Congress at an early date.

The following is from recent testimony before the Military Affairs Committee of the House with reference to the proposed 5-year contract in 1928:

Mr. CHRISTIANSON. Mr. Barry, you could better afford, then, to pay a higher rate to the Government for this power if you had a contract that was not terminable in 30 days?

Mr. BARRY. Absolutely.

Mr. CHRISTIANSON. Your opinion is that the Government would be better off if they should give you a contract terminable within a year?

Mr. BARRY. Absolutely; and we agreed to do substantially that 5 years ago. We suggested a 5-year contract with 18 months' notice of cancellation.

Mr. CHRISTIANSON. How much could you afford to pay?

Mr. BARRY. At that time we agreed to pay the Government \$2,220,000 a year.

The following is a brief memoranda review of the various proposals showing money payments offered for taking over

the Muscle Shoals project into private industry as taken from public records:

Cash offers to United States for Wilson Dam power at Muscle Shoals

Name of bidder	Dates of offer	Term of contract	Total payments	Average annual payment
		Years		
Henry Ford	July 8, 1921 ¹	100	\$132,515,184	\$1,325,151
Alabama Power Co.	Feb. 15, 1922	50	(²)	
The Tennessee Electric Power Co., Alabama Power Co., and Memphis Power & Light Co.	Jan. 15, 1924	50	87,600,000	\$1,750,000
Union Carbide Co.	Jan. 21, 1924	50	28,324,200	566,484
Air Nitrates Corporation	Apr. 9, 1926	50	75,509,000	1,510,180
Associated Southern Power Companies	Apr. 26, 1926	50	88,300,000	1,766,000
With headwater improvements			136,300,000	\$2,718,000
Air Nitrates Corporation and American Cyanamid Co.	1927-28	50	80,176,700	1,603,534
Alabama Power Co. and associates	1928	(³)	9,740,000	\$2,220,000

¹ Amended Jan. 25, 1922, and May 31, 1922; withdrawn October 1924.

² Computed on basis of Wilson Dam equipped to deliver 600,000 horsepower at investment of \$50,000,000.

³ 100,000 horsepower of electricity free of cost to Government for operation of nitrate plants or the purchase of this power by lessee from Government; lessee agreeing to complete Wilson Dam at no cost to Government and lease same under Federal Water Power Act.

⁴ Also offered to pay United States or licensee for benefits from headwater improvements on basis of Federal Water Power Act.

⁵ Payments to be increased from \$1,766,000 to \$2,718,000 for benefits from headwater improvements when made.

⁶ 5 years with 18 months' notice.

⁷ Minimum.

NOTE.—Many other offers have been made for Muscle Shoals, but only these contemplated actual cash payments to Government. Others, notably Hooker-Atterbury-White and Farmers Federated Fertilizer Corporation (Slomp) offers, provided practically for operation by lessees as agents of Government and sharing of profits with Government (without guaranteed return) in lieu of cash payments.

Each of the foregoing proposals was made subject to recapture of the plants on stipulated terms, either in whole or in part, in event it became necessary for the Government to take over the plants for purposes of national defense. Likewise each of the proposals stipulated that operation of the dam and power plants would be under rules and regulations prescribed by the War Department for the protection of navigation and operation of navigation facilities.

There is ample evidence before the Congress and its committees that private power distributors within transmission distance of the plants are in position, with an extensive network of transmission lines and distribution systems covering practically the entire area, including most of the towns and cities and small communities within a radius of 200 miles, to absorb the surplus or excess power at Muscle Shoals not required for use by the Government and to pay reasonable prices. According to a letter dated August 20, 1931, from the president of the Alabama Power Co. to Senator AUSTIN, reproduced in the CONGRESSIONAL RECORD of May 2, 1933, that company has been willing to contract for greater volumes of power than it has purchased in the past under temporary agreements and to pay an increased price if it could be assured of reasonable notice of cancelation; that the company would be willing to lease the power-generating plants or to buy at a fair price and on reasonable terms all power generated, or buy such surplus power as may not be used for other purposes, and would cooperate in making a success of any program adopted by the Congress for operating the plants for the benefit of agriculture and industrial development in the Tennessee Valley.

Different officers representing power companies operating in the area of Muscle Shoals, in response to direct questions from members of the Military Affairs Committee, before which the question of legislation containing the language of sections 12 and 18 of the Senate bill, and before its enactment into law, was pending, testified, April 1933, as follows:

Mr. MAY. Reviewing that situation as you now understand it, what would you say would be the attitude of your power interests, for whom you appear, toward the proposition of buying from the Government at the switchboard the production of any electrical energy that may be produced at these plants?

Mr. YATES. Well, Mr. MAY, we have, on a number of occasions, tried to cooperate with the Government in any way, shape, or form in taking that energy and absorbing it in our system and distributing it.

In fact, in 1928, we spent a great deal of time and worked out a contract with the Secretary of War by which we would pay something in excess of \$2,200,000 a year for the power at Muscle Shoals.

Mr. MAY. In consideration of your previous statement that your companies have now an available surplus capacity of production of about a billion kilowatt-hours per year, would it be an advantage to your companies to contract with the Government, or would that be a burden to them, even under those circumstances, with this surplus capacity available?

Mr. YATES. If we felt sure that there would never be a call for additional energy and our load would not grow, of course, we have now enough capacity.

But we feel that, having up to 1929 had a growth of 8 or 9 percent a year, compounded, we will have a market for this power, and just as rapidly as the market appears, whenever it is, we will absorb it.

Mr. ARKWRIGHT. By going out and building it up. If we have too much capacity, anything we pay for that power right now increases our cost; that is true. But you have to get some money for that power. We would like to take it, as we can build up a market and absorb it, and we recognize at once that if you sell it you have to get some money from it now, even if it does increase our cost.

So we would be prepared to negotiate with you for the purpose of purchasing power and take some of it now and take the rest of it as fast as we can build a market to absorb it and spread it over the whole area.

If in the utilization of this you use it for nitrate production at the site of the dam, and you use it to induce the location of industries at the site of the dam, such as electrical and chemical industries or heating industries that require large quantities of power at low rates, and from that improve the load factor of the system, and the rest of it you distribute over the area, over the widespread transmission systems owned by us in the area and on rates regulated by you, or by the board, I do not know what else you could do to serve the people to better advantage, and if you do it you want to do it as economically as possible.

Mr. THOMASON. Assuming this plan of development there on the Tennessee River should go through, do not you think when that is completed that then the Government can produce power much cheaper and be able to sell it to your companies at the switchboard much cheaper than you can produce it?

Mr. ARKWRIGHT. That might be, at the switchboard; but then we have to bring it to the market.

Mr. THOMASON. All right. Assuming, then, that is done and the Government, through the Tennessee authority, or whatever other agency it may select, would enter into a contract with you for the sale of that power at the switchboard and that contract also carried a provision that there shall be a maximum rate which meets the approval of the general public acting through its Federal and State commissions, providing that you shall have a reasonable profit on what you pay at the switchboard, then how could you have any objection?

Mr. ARKWRIGHT. I would not have any.

Mr. LONGLEY. . . . and I am sure the Tennessee Electric Power Co. on its behalf, or from its standpoint, is entirely willing to work and to cooperate with the Tennessee Valley Association in any way, shape, or form, so that we can take the power, under some terms and conditions fixed, if you will, by this board, and pass that on to our customers at rates, if you will, fixed by them also.

Mr. WILLKIE. . . . We dedicate our transmission and distribution lines to the utmost accomplishment of the purposes which you gentlemen are seeking to bring about under this bill. All we ask is that you not destroy our property by invading our markets or by creating a board with the power to do that and thus destroy our ability to finance.

Mr. WILLKIE. . . . Mr. McSwain asked Mr. Yates whether or not we would sell them power at Cove Creek for their uses. I say to you now—and if you wish to make it in the form of a contract, we will make it with you now—that we will sell you all the power you need for your purposes for the building of the Cove Creek Dam.

Mr. WILLKIE. . . . A common carrier must be ready to serve all who seek its service at any time that they may present themselves for such service; and, of course, you cannot do that with a transmission line. But if it is the desire for us to contract to carry this power for Cove Creek for this Government, we will carry it for you.

Mr. JAMES. . . . But we cannot sell the power at the switchboard, because you gentlemen would not buy it when you have too much power now.

Mr. WILLKIE. I have said to you, Mr. James, that we will enter into a contract, and if it wants to be accepted here, it can be taken as an offer and as acceptance if you have the legal authority to do it. I will say this now, that we will enter into a contract with you to take that power and we will pass on any saving that is made on the generation of that power to the ultimate consumer.

Furthermore, the Tennessee Electric Power Co. advised the Senator from that State, according to a telegram which

appears in the CONGRESSIONAL RECORD of May 3, 1933, page 2791, that—

With reference to Government's proposed building of Cove Creek-Muscle Shoals transmission line at estimated cost of \$6,000,000, please advise Senate that at hearing before Military Affairs Committee of House, April 14, Mr. Willkie, speaking for this company, stated that if the Government will furnish us the power at Muscle Shoals, we will deliver an equal amount at Cove Creek at reasonable cost to be fixed by the Government, or this company will sell Government all its requirements of power at Cove Creek for construction work. Based upon Government's estimates of power requirements, in our judgment, the total cost of power for entire construction of Cove Creek Dam furnished under either proposal will be less than 1 year's interest on cost of construction of proposed transmission line, and that building of transmission line in any event wholly useless and wasteful, as entire territory more than adequately served with existing transmission lines.

Therefore, with respect to the necessity for building distribution lines of any character in order to put the Government upon a fair basis, according to the foregoing testimony private companies with ample transmission lines for whatever distribution the Government may need have stated a willingness to transmit surplus power owned by the Government to consumers throughout their distribution systems and to and from Cove Creek at prices fixed by a Government agency as fair, just, and reasonable to include a reasonable return or profit on the cost of transmission and distribution plus the purchase price of the power.

Criticism upon the part of some Members of Congress that, pending final action by the Congress for making some disposition of the Muscle Shoals plants, the War Department, since the completion of Wilson Dam in 1925, has failed to secure a reasonable value for the power, is not justified by the facts. These payments, aggregating \$4,955,229.18 to January 1, 1933, have been under contracts terminable at the will of the Government in order that Congress might be free at any time to take action for disposing of the project, a condition which in effect placed the power in the category of a commodity subject to delivery at the will of the seller, thus materially affecting both the ability of the purchaser to use large quantities of the commercially valuable power, or to pay a fair price for such power as could be used. In a report from the Secretary of War to the Senate (S.Doc. 222, 71st Cong., 3d sess.) it was stated that:

Under the terms of the existing agreement with the Alabama Power Co., the Executive maintains complete freedom to carry out, at any time, any provision for the disposal of this power that may be decided upon by Congress. No industry or activity of any character will be jeopardized by the prompt termination of the existing agreement, when a definite policy for the utilization of this power shall have been decided upon by Congress. The situation would be otherwise if the Department should sell the power directly to consumers. The shutting off of power to a consumer who has not the installed machinery to replace it would leave him without an immediate source of supply, would subject him to danger of serious financial loss, and certainly would embarrass the War Department and the Congress. The existing agreement affords the best obtainable return to the United States consistent with complete freedom of action.

The policy of the War Department has uniformly been opposed to entering into any arrangement that may embarrass Congress in directing the disposition of the public resources at Muscle Shoals, and this policy will be continued.

In part 2 of the same document the Secretary of War explained:

Considering the present equipment of the properties at Muscle Shoals and the fact that all contracts must be revocable without notice in order to leave this property free for whatever action Congress may decide to take, the contracts with the Alabama Power Co. give the Government by far the highest obtainable financial return.

The Secretary of War has no choice but to follow the mandate of Congress expressed in the law. No other company, individual, or municipality has offered to buy the power from the Government at a price that will equal that now being received. This is no doubt due in part to the fact that the War Department has taken the position that it will not entangle the title to the property by long-time contracts that would restrict the freedom of Congress in dealing with the subject.

It has been deemed the wiser policy to make all contracts subject to immediate cancellation or revocation, so that there would be no claims outstanding, no entanglements or clouds upon the title when Congress finally fixes the status of this project.

The foregoing statement of the Secretary of War shows that the purchaser of the power was forced to recognize that there might be a termination of the existing agreement at any time, and therefore that the purchaser must have machinery installed to replace it. In other words, the purchaser must have an immediate source of supply available at all times to replace the power as a prerequisite to purchasing on the limited basis offered by the Government. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I consider this a good bill, but I cannot quite understand why the House conferees yielded on section 13. I am willing to help the Southland and my friends who have advocated this legislation for years and with whom I have gone along many times. I am going to ask whether it is not possible to eliminate the Senate amendment to section 13.

We in Illinois have been paying and paying and paying until we are just about down and out; yet, whenever we come down here for a little appropriation, we are pushed aside, we are ignored, we cannot get anything.

Mr. ALLGOOD. Mr. Speaker, will the gentleman yield?

Mr. SABATH. No; I do not yield. I have only 2 minutes. I wish I could yield.

Mr. ALLGOOD. Did not the gentleman's State receive a contribution from the Government in regard to the World's Fair?

Mr. SABATH. That is a national fair, and it so happens that it is to be held in the greatest city in the world in the interest of the United States.

Mr. CLARKE of New York. Greatest next to New York.

Mr. SABATH. I do not know of any reason why we should give the States of Alabama and Tennessee 5 percent of the gross receipts and, moreover, 2½ percent of any additional power merely on the ground that some property may be exempted from taxation. Under the provisions of this bill the taxes that the States will lose on taxable property that will be taken away from them are very small, indeed, in comparison with the amounts that the States will receive.

I think it is manifestly unfair, unjust, and unreasonable to tax people in my State in the interest of people in other sections of the country.

I do not know whether or not I shall succeed, but I shall endeavor to eliminate the Senate amendment to section 13, which provides for unnecessarily large contributions by the entire Nation to two States. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield myself 10 minutes. The SPEAKER pro tempore. The gentleman is recognized for 10 minutes.

Mr. McSWAIN. Mr. Speaker, let me begin by saying that it seems that the Muscle Shoals proposition is the most controversial piece of legislation ever to come before the American Congress.

When I first began its study over 10 years ago as a member of the committee, I thought I could solve it, and I set about it as diligently as possible. I soon found out, however, that I could not have my own way, and in a spirit of conciliation I decided to try to settle it somehow, and the other fellow's way, if possible. But we have 435 Members of Congress, and it is impossible to settle it 435 ways. We have got to settle it somehow between the House, the Senate, and the President, and this report is the way your conferees have found it possible to do that.

Mr. PEYSER. Mr. Speaker, will the gentleman yield for a question?

Mr. McSWAIN. Yes; I yield for a question.

Mr. PEYSER. May I ask whether in discussing section 13 the conferees who would not accept the elimination of a tax would not accept a tax based on the net proceeds? Good business tells me that a tax based on the percentage of the gross proceeds should not be in the bill.

Mr. McSWAIN. Let me explain that the provision in section 13 was not carried in the House bill as it passed the

House. It was carried in the bills, it is true, which were introduced by the gentlemen from Alabama, Mr. ALMON and Mr. HILL, and myself—three identical bills; but this section was eliminated in the consideration of these bills by the Committee on Military Affairs. However, for years and years this has been in every bill that passed Congress and was in both bills that were vetoed, respectively, by President Coolidge and President Hoover.

As the bill passed the Senate, by a vote in the ratio of 8 to 1, the provision was included that 5 percent of the gross proceeds from the sale of power from both hydroelectric and steam plants should be paid to these States.

The conferees on the part of the House were able to persuade the conferees on the part of the Senate to agree to eliminate the 5 percent on the gross proceeds from the sale of steam power. Let me say that the foundation upon which this 5 percent is predicated is not alone the mere substitute for taxes which the State may levy; but here is the philosophy upon which it is grounded: The Supreme Court of the United States has held that the title to the bed of every navigable stream in this Nation rests in the State, not in the Federal Government. All the Federal Government has is the right to use, for purposes of interstate commerce, the water that rests upon the stream bed that belongs to the State. Presumably, therefore, the water itself belongs to the State, and undoubtedly either one of these States could, if it had wished to do so, while preserving the right of interstate commerce to the several States under the Federal Constitution, have gone in there and appropriated to itself every unit of horsepower that lay in the waters of this great stream for a distance, including navigable tributaries, of nearly 1,000 miles. All it would have to do would be to provide locks around power dams, or the State might authorize any of its private corporations to do the same thing, subject to the provisions of the Federal Water Power Act.

We eliminated the 5-percent tax on steam-generated power and the Senate had already adopted an amendment providing that the board might every 5 years, if it sees fit, change the percentage. The board, after it has been on the ground, can study this question thoroughly, and if it decides that 5 percent is too much, can give notice to the States of Alabama and Tennessee, and can reduce it, can change it, but it cannot be changed more often than once in every 5 years.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. SNELL. Is there any legislative precedent of which the gentleman knows where the Federal Government has gone into a State and made an investment and then paid the State 5 percent of the gross proceeds?

Mr. McSWAIN. No; I do not know of any exact precedent, but I do not know of any state of facts entirely analogous to this.

Mr. SNELL. Is not Boulder Dam practically the same kind of situation?

Mr. McSWAIN. Perhaps it is more analogous than a Federal post-office building or anything like that.

Mr. SNELL. I do not want to enter into any extended discussion of the matter, but so far as I am personally concerned, and I am absolutely honest about it, I cannot see any reason in God's world why we should pay these two States 5 percent of the gross proceeds, and I doubt if anybody can present a logical reason for doing this. We are going in there and spending our money at the request of the States. These people want us to come there and make this development; is not that correct?

Mr. McSWAIN. Oh, certainly.

Mr. SNELL. The States themselves would not do it, and after they asked us to come in and make the development, then to seek to make us pay for it, I think is an outrage.

Mr. McSWAIN. The gentleman knows, however, that previous Congresses have actually passed bills and have agreed to conference reports containing this provision in a more aggravated form. They have heretofore given 5 percent of both hydroelectric power and steam power and they have fixed it absolutely for all time, except as the Congress

itself might modify it, whereas the present bill provides that it may be modified, as I have said, by the board.

Mr. MONTET. Will the gentleman yield?

Mr. McSWAIN. I yield to the gentleman from Louisiana.

Mr. MONTET. I wish to direct the gentleman's attention to subsection (i) of section 4 of the bill, where authority is granted to acquire real estate for construction of dams and reservoirs, transmission lines, power houses, and other structures, and in the same section states that the board may exercise the right of eminent domain to condemn all property that it deems necessary for carrying out the purposes of this act. Does this authorize the board to acquire privately owned power houses, reservoirs, and transmission lines, either by purchase or condemnation, wherever and whenever the board desires the same for carrying out the purposes of this act?

Mr. McSWAIN. I would say in answer to the gentleman's question, and I think I understand what the gentleman is driving at, that the board would have such power, because it is given the right not only to condemn necessary real estate but also to condemn necessary property. Therefore if the board judges that a particular transmission line now privately owned is necessary and desirable for its purposes, then under the broad language of that section I think it would have the right to say so, and to condemn, and the power to condemn would certainly bring any privately owned power company to reasonable terms as to selling price.

Mr. MONTET. Necessarily, I do not wish to engage in any controversy with the chairman of my committee. However, after a careful reading of the language, I am thoroughly unable to agree with the gentleman.

May I ask the gentleman one more question?

Mr. McSWAIN. Certainly.

Mr. MONTET. Subsection (j) states that the corporation—

Shall have power to construct dams, reservoirs, power houses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power installations into one or more systems by transmission lines.

Is this intended to give the board broad, discretionary authority to construct transmission lines independent of the provisions of section 12?

Mr. McSWAIN. Certainly. This undertakes to give the board the right to construct transmission lines in any direction the board decides to be necessary to interconnect the various power stations into one superpower system, or into two or more subsidiary superpower systems.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield myself 5 additional minutes.

Mr. MONTET. Then the gentleman holds that this power is independent of the power given the board under section 12?

Mr. McSWAIN. I do. I do not think it is in conflict, but is corroborative of it.

Mr. MONTET. May I call the gentleman's attention to the bond provision of the House bill, which provides that the bonds of the corporation shall constitute a first lien on the net income, and so forth, of the corporation after paying cost of maintenance, and so forth? It is also provided that the bonds shall be issued on the credit of the United States. The bond provision of the Senate bill, section 15, provides that in the construction of any future dam, steam plant, or other facility to be used in whole or in part for the generation of hydroelectric power, the board is authorized to issue bonds for payment in part or in full of that part of the development that is allocated to the production of hydroelectric power, and pledges the net proceeds from the sale of power to States, counties, and municipalities, while the conference report authorizes the pledging of the credit of the United States for bonds issued for future dams and other facilities used in whole or in part for generation or transmission of power.

It omits any provision that they should be constructed by the credit of the Government or net proceeds derived from its operation. Does this mean that appropriations from the

Treasury shall be limited to navigation, flood control, national defense, or other constitutional functions, and that funds necessary for power development should be obtained from the sale of bonds?

Mr. McSWAIN. As I understand the conference report, the credit of the Government is pledged to support these bonds, but the net revenues from the sale of power are not pledged, because in other parts of the bill the board is given the right to use the proceeds from the sale of power in order to carry on its works of construction, either additional transmission lines or additional dams, and it was realized there was a conflict between these provisions; and while it is understood that the board will pay the interest on the bonds, as, of course, they are to be the primary obligation of the board, and yet the Government, virtually, under the provisions of this bill, guarantees them, in a way analogous to the Panama Canal bonds.

Mr. MONTET. I do not know whether the gentleman missed my question or I missed the gentleman's answer.

This means that the appropriation made by the Treasury shall be limited to navigation, flood control, and like purposes, or does it mean that the power development shall be that obtained from the sale of bonds?

Mr. McSWAIN. That was the scheme in the Senate provision, but under the language here it is possible to issue bonds for any work contemplated. In other provisions of the bill the allocation is to flood control, navigation, national defense, and power, to be observed for the purpose of book-keeping, to ascertain whether or not the power provisions are earning a proper income on that part of the investment.

Mr. MONTET. Then the gentleman holds that the board is authorized to use the money appropriated to construct power and transmission lines?

Mr. McSWAIN. Undoubtedly; and there is no doubt that before the session is over the Congress will appropriate money to build Cove Creek Dam. Under the general provisions of the bill it will appropriate the money for that purpose.

Mr. MONTET. As to the funds derived from the sale of bonds and the appropriations made by Congress, in the gentleman's opinion, would the board have a right to use such funds for flood control, navigation, and power?

Mr. McSWAIN. Exactly.

Mr. MONTET. On page 18 of the conference report, next to the last paragraph, you say:

The provision for the construction of Cove Creek Dam and the transmission line connecting it with Wilson Dam was substantially the same in both the House bill and the Senate amendment, and the construction of these necessary projects will begin just as soon as funds are made available for that purpose at this session of Congress.

Is it intended that the appropriation shall be made from the Treasury of the United States for the power plant at Cove Creek Dam and transmission lines, or to use the power for the sale of bonds, as provided on page 15 of the conference report?

Mr. McSWAIN. Yes; money will be appropriated to build Cove Creek Dam. I now yield to the gentleman from Kansas [Mr. McGugin].

Mr. McGUGIN. The statement of the conferees says:

The provision for the construction of Cove Creek Dam and the transmission line connecting it with Wilson Dam was substantially the same in both the House bill and the Senate amendment, and the construction of these necessary projects will begin just as soon as funds are made available for that purpose at this session of Congress.

Does that mean that the construction of the transmission line is mandatory?

Mr. McSWAIN. It is optional. The board is not compelled to complete Cove Creek Dam, it is not compelled to build a single transmission line. It has the power to do it, but it is not required to do it. It is not mandatory.

Mr. FREAR. Will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. FREAR. The provision was called to the attention of the committee of 5 percent to be collected from the gross proceeds and turned over to the States. Is it not a fact

that the Alabama statutes provide that the Alabama Power Co. may today, and has been for 20 years, empowered to condemn land for the benefit of that power company, and also, if I remember correctly, for 10 years to have an exemption from taxes on the land until they get their organization in shape?

Mr. McSWAIN. I am sorry, but I am not able to answer the gentleman as to the statutes of Alabama. I cannot answer the gentleman, but I will try and get the information.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. DONDERO. Under section 13 the State of Alabama and the State of Tennessee are assured of a certain income from that 5 percent. Has any effort been made upon the part of the Government to assign the rights of the United States Government in that river to the two States, except such rights as it may need in time of emergency, such as war?

Mr. McSWAIN. As I have explained, the United States has no right in the river. It has the right to travel up and down on the surface of the water in order to carry on interstate commerce, but the Supreme Court has held that the title to the bed of the river, and, therefore, the title to the water resting on the bed of the river, is in the State through which it flows.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. For a question.

Mr. GREEN. I am wondering if the conference report protects the part of the bill providing for the manufacture of fertilizer.

Mr. McSWAIN. The board is authorized to manufacture fixed nitrogen and fertilizer and fertilizer ingredients and sell them. It is authorized to do so, but it is not compelled to do so any more than, as I said a moment ago, it is compelled to build a single transmission line or Cove Creek Dam. It has the power, but it is not mandatory.

Mr. O'MALLEY. Under section 13, 5 percent of the gross proceeds is to be given to the States of Alabama and Tennessee. I understand the reason that is in the bill is that it is in lieu of taxes.

Mr. McSWAIN. It is in there because they voted it in there.

Mr. FREAR. And the Alabama Power Co. does not pay taxes for 10 years after it condemns the land.

Mr. HILL of Alabama. Mr. Speaker, that provision was in the law, but it was repealed about 10 years ago.

Mr. FREAR. Then I understand from the gentleman that that provision was in the law, but has now been repealed. Having been in the law, it was for the purpose of enabling the Alabama Power Co. to condemn land and to go on and prosecute its work for 10 years without paying taxes. Why should the Federal Government be required at this time immediately to pay 5 percent out of its gross proceeds?

Mr. McSWAIN. That is the question that I asked while in conference, but we have to agree on something; we have to get together if we are ever going to have any legislation on this matter at all.

Mr. FREAR. Why not make it 10 percent?

Mr. McSWAIN. It used to be 10 percent in former bills in Congress, and we cut it down to 5.

Mr. CHRISTIANSON. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. For a question.

Mr. CHRISTIANSON. Does the gentleman know of any similar project where the net proceeds are more than 5 percent of the gross?

Mr. McSWAIN. No; I do not. I think that is very liberal, myself.

Mr. CHRISTIANSON. If that is true, then we are binding ourselves to turn all the net proceeds over to these two States, while the United States Government is furnishing all the money and taking all the risk.

Mr. McSWAIN. Oh, no; we are not turning all the net proceeds over, or any part of the net proceeds. We are turning 5 percent of the gross proceeds over.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes; I yield.

Mr. BLANTON. I want to congratulate my friend from South Carolina [Mr. McSwain] and his Committee on Military Affairs for effecting an agreement with the Senate on this bill. Such action assures its passage, and it will be signed and become a law in a short time. The President is to be commended for being able to iron out many important disagreements and for helping the conferees to get together.

But there is one very objectionable feature of this bill which ought to be corrected before we pass it into law. And it can be easily corrected, and yet not delay the measure beyond a few hours. I refer to the provision which obligates the payment of 5 percent of the gross proceeds to each of the States of Alabama and Tennessee. It should read 5 percent of the net profits, and not 5 percent of the gross proceeds. What we ought to do is to vote down the conference report and then move immediately to concur in the agreed amendments with the amendment that "gross proceeds" shall be changed to "net profits." That would not delay the measure more than an hour, for I feel confident that the Senate would approve such action promptly, and the bill could go to the White House this afternoon for the signature of the President.

I feel sure that neither Senator NORRIS nor any other Senator outside of Alabama and Tennessee would raise any objection whatever to such change. Naturally, the 2 Senators from Alabama and the 2 Senators from Tennessee would object to such action, as they want their respective States to receive this 5 percent of the gross proceeds. But other Senators would not object to changing it to "5 percent of the net profits", because that percentage is all that would be equitable and just.

This project will be a great bonanza for both Alabama and Tennessee. All property holdings in that immediate vicinity will double, treble, and quadruple in value. Factories will spring up all along these bodies of water backed up by Government dams in this river and its tributaries. Alabama and Tennessee will both be greatly enriched.

I have been fighting power trusts and monopolies all my life. I am speaking against them, and for the people, when I ask that this provision be changed, so that "gross proceeds" will read "net profits." I am for this bill. I am backing the President in his program. I am for developing Muscle Shoals. I was one of the four who stood on this floor with LaGuardia and Hill, of Maryland, right after the World War, and made a fight to preserve Muscle Shoals for the people of the United States. It was our fight then made that eventuated in preserving Muscle Shoals. We did preserve it. We kept the monopolies from gobbling it up. With "gross proceeds" changed to "net profits" I am just as strongly in favor of this bill as Chairman McSWAIN, or Senator NORRIS, or our good colleague, Mr. ALMON, of Alabama, the father of Muscle Shoals. But the only way to change "gross proceeds" to "net profits" is to vote down the conference report, and then pass this simple amendment, which will take but a few minutes. I want to ask the chairman of the committee if it is not a fact that the only way to change "gross proceeds" to "net profits" is the one way I have mentioned, and that is to vote down the conference report, and then pass the amendment?

Mr. McSWAIN. Yes.

Mr. BLANTON. Then why can we not do that? It should be done.

Mr. McSWAIN. I will tell the gentleman why. It is because the Senate of the United States has voted 8 to 1 against such a proposition. There were 12 votes on the floor of the Senate in favor of the House bill as it stood, and that is all. It is futile to go back.

Mr. BLANTON. Most of the Senators would not care. I have seen them vote over there 96 to 0, and still change when some good reason required it.

Mr. McSWAIN. Yes; but maybe they did not have the White House with them at that time, as they now have.

Mr. BLANTON. I think the White House would prefer the change.

Mr. CHRISTIANSON. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. CHRISTIANSON. Is the fact that the Senate is 8-to-1 wrong on this proposition any reason why you should be wrong also?

Mr. McSWAIN. But the Senate said that we were wrong. There is no absolute measure of truth in such a case. It is a matter of opinion, and parliamentary government can function only by compromising differences of opinion.

Mr. BLANTON. While I am for Muscle Shoals, and for this bill, I feel that it is my duty to do all within my power to get this provision changed, so that instead of paying to Alabama and Tennessee 5 percent each of the gross proceeds, we would pay them only 5 percent of the net profits; hence I shall vote to disapprove the conference report, so that we can then amend it and change "gross proceeds" to "net profits." With this change I am just as strongly for the bill as is any other Member of this House.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. For a short question.

Mr. McFADDEN. I do not want to ask a question, but I want to make a statement.

Mr. McSWAIN. Very well; please let it be brief.

Mr. McFADDEN. I think congratulations should be extended to the States of Tennessee and Alabama at this time and to the Du Pont interests and Henry Ford and the Canadian-British power interests for what they are getting in this bill from Uncle Sam. Also I want to extend my sympathy to Uncle Sam and the people of the United States—they have lost out—and my congratulations to Senator NORRIS for delivering these bouquets to these States and these great corporate interests. [Applause.]

Mr. McSWAIN. And I want to say that I do not think the gentleman is at all justified in coupling the States of Alabama and Tennessee in the same congratulatory message with the names of the Du Pont interests and the Power Trust.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. BYRNS. Mr. Speaker, a great deal has been said here about what Alabama and Tennessee are to receive. The gentleman from South Carolina [Mr. McSwain] has already stated to the House some of the privileges that the States of Alabama and Tennessee are voluntarily surrendering to the United States Government—the river bed and all those things. In addition to that I call attention to the fact that the building of Cove Creek Dam is going to flood 75,000 acres of good land in east Tennessee, which will be taken out of taxation and which cannot be hereafter assessed either by the State or the county, and in addition to that the building of these other dams will flood lands which will deprive the States of Tennessee and Alabama of taxes that would otherwise be collected, and that are now being collected for the benefit of these States.

In addition to this, neither of these States will have power to tax any transmission lines or other improvements made by the Federal Government, and these rights are being surrendered for all time. Then, too, the bill authorizes the board to review this allowance for these States every 5 years. Certainly it was only fair to reimburse these States in part for their loss of public revenue, and the Federal Government is amply protected.

The SPEAKER pro tempore. The time of the gentleman from South Carolina has expired.

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. Hill].

Mr. HILL of Alabama. Mr. Speaker, I want every Member of the House to know that under section 13 the Government will pay not one cent in lieu of taxes to either the State of Alabama or the State of Tennessee for any part of the properties on the Tennessee River that are used for governmental purposes. The payment in lieu of taxation

will only be made where the Government goes beyond governmental purposes, into what we might term an incidental purpose.

Mr. PARSONS. Will the gentleman yield for a question?

Mr. HILL of Alabama. Yes; I yield briefly.

Mr. PARSONS. How much is the estimated revenue of 5 percent supposed to go to those States?

Mr. HILL of Alabama. That would depend on how much is derived from the sale of power and how much power is sold.

Let me tell how the figure of 5 percent was arrived at. Perhaps the best operated and most successful municipal power plant in the entire United States is that of the city of Tacoma, Wash. Power rates there are very cheap, so cheap, in fact, that the farmers within a radius of 50 miles of Tacoma buy their power at fabulously low prices. In the city of Tacoma the municipal plant pays to the city, not 5 percent but 7½ percent of the gross proceeds derived from the sale of power.

The record shows that in many cases private power companies pay as high as 10, 11, and 12 percent of their gross proceeds in taxes. Some municipal plants pay even higher than that in lieu of taxes. If these Tennessee Valley properties were constructed by private companies there would be no doubt about the payment of taxes. The private power companies, certainly, under the laws of Alabama, would have to pay ad-valorem taxes and a kilowatt or severance tax. This would mean an ad-valorem tax to the State, an ad-valorem tax to the county, an ad-valorem tax to the municipality if the property happened to be located in a municipality, and an ad-valorem tax to the school district in addition to the kilowatt tax.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. ROGERS of Oklahoma. In this bill there is no provision for any tax to be paid anybody except the State.

Mr. HILL of Alabama. Yes; that is correct.

Mr. ROGERS of Oklahoma. How about the counties and municipalities?

Mr. HILL of Alabama. So far as counties, municipalities, and school districts are concerned, that will be a matter that the State will have to adjust and determine when the money is paid over to the State.

Mr. PEYSER. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. PEYSER. Is it not possible that under this provision you may be paying taxes out of capital?

Mr. HILL of Alabama. No, no.

Mr. PEYSER. Why not?

Mr. HILL of Alabama. If you do not take in any proceeds, you would not pay any taxes, whereas a private power company must pay taxes whether it takes in a dollar.

Mr. PEYSER. But if money is coming in there is first the primary expense of operation. They get the proceeds of the income without taking into account the expense of operation; is that not true?

Mr. HILL of Alabama. Does the gentleman mean a private power company?

Mr. PEYSER. Yes.

Mr. HILL of Alabama. But a private power company pays its taxes whether it takes in a single dollar or whether it does not. Now, I cannot yield further. My time is very brief.

Mr. RICH. Will the gentleman yield?

Mr. HILL of Alabama. Well, yes; briefly.

Mr. RICH. Does the gentleman not believe it would be the best thing for the Federal Government and the taxpayers of this country if we delivered this property over to the States of Alabama and Tennessee, without paying taxes for the balance of our lives?

Mr. HILL of Alabama. No; I do not agree with that thought at all.

Mr. RICH. Well, I should like to say to the gentleman we should like to give it to them, as far as I am concerned, so that we will never have anything more to do with it.

Mr. HILL of Alabama. I decline to yield further. Of course, if the gentleman from Pennsylvania [Mr. RICH] had his way, he would doubtless turn it all over to a private power company. Under the bill the gentleman introduced, that would be the result.

Mr. RANKIN. Will the gentleman yield?

Mr. HILL of Alabama. Yes; I yield briefly.

Mr. RANKIN. Under the provisions of this bill the Government may build transmission lines, not only to towns and cities but even into the rural communities.

Mr. HILL of Alabama. Certainly. The conference report adopted the House language, emphasizing rural electrification.

Mr. RANKIN. Every one of those lines must be built either through the State of Alabama or the State of Tennessee?

Mr. HILL of Alabama. That is correct.

Mr. RANKIN. And therefore the Government will be relieved of paying taxes on those lines, which would be unloaded onto the ultimate consumer, if these lines were privately owned, or if taxes were paid by the Government instead of this 2½-percent allowance to each of the States of Alabama and Tennessee.

Mr. HILL of Alabama. Of course, there will be no tax on those lines.

Mr. GOSS. Will the gentleman yield for a parliamentary inquiry?

Mr. HILL of Alabama. No; I cannot yield for that purpose.

The distinguished gentleman from New York [Mr. SNELL] asked whether or not there was any precedent for payment in lieu of taxes as far as the Federal Government was concerned. I would call the gentleman's attention to the fact that where the Federal Government goes into a State and sets up a forestry reserve, when the Government sells trees from that reserve, the State in which the reserve is located gets between 30 and 35 percent of what the Government derives from the sale of the trees.

Mr. KELLER. The net.

Mr. HILL of Alabama. No, no; from the sale.

Mr. KELLER. The net sale. I have a letter showing it.

Mr. HILL of Alabama. The Senate passed on this proposition, as the gentleman from South Carolina [Mr. McSWAIN] has said, and in very decisive fashion declined to strike the section out of the bill. It is part and parcel of President Roosevelt's program for the development of the Tennessee River. He recognizes that when the Government goes beyond governmental functions, it should make some payments to the States in lieu of taxes.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. O'MALLEY. Does not the gentleman believe that the States of Alabama and Tennessee as a result of the construction of this great project will get increased taxing values?

Mr. HILL of Alabama. There will be an increase, but the private power companies would have brought about the development and paid taxes too. They wanted to do it. We had great difficulty in particular in keeping them from coming to Cove Creek and getting that great development.

Mr. TAYLOR of South Carolina. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. TAYLOR of South Carolina. Can the gentleman tell us whether or not the original bill providing for Muscle Shoals contained a provision whereby the States were to receive a percentage of the gross earnings in lieu of taxes?

Mr. HILL of Alabama. The original provision was section 124 of the National Defence Act, just one section in that bill. It was very short and concise, and made no reference to taxation whatever.

Mr. TAYLOR of South Carolina. Will the gentleman yield for a further question?

Mr. HILL of Alabama. I yield.

Mr. TAYLOR of South Carolina. If the Congress were now considering the initial bill setting up this undertaking and the river were a different one, for instance the Ohio River, or the Savannah River, does the gentleman think the State of Tennessee would ask for 5 percent of the gross earnings?

Mr. HILL of Alabama. I think they would do it; I certainly do.

Mr. FORD. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. FORD. Will not the people of Tennessee get a large increment in the form of lowered power rates by reason of this improvement?

Mr. HILL of Alabama. We hope they will; and, if it is the success we want it to be, they certainly will, and we will then have a yardstick for the benefit of all the people of the country.

Mr. ROGERS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. ROGERS of Oklahoma. Will not that benefit the people of one section, with the rest of the people of the United States having to pay the bill?

Mr. HILL of Alabama. No. It will benefit all sections of the country; not one particular section. It will benefit North, East, South, and West—all of them.

Mr. ROGERS of Oklahoma. But is there not a 400-mile limit?

Mr. HILL of Alabama. That limitation is no longer in the bill.

Mr. TAYLOR of South Carolina. As a matter of fact, this 5 percent to the States will not reimburse them for what the States will actually lose in the way of taxes.

Mr. HILL of Alabama. Not only that, but with the construction of Cove Creek Dam one entire county will be wiped out and a substantial part of two other counties will be wiped out by this one dam alone. The Cove Creek Dam will create a lake of 3,500,000 acre-feet. All of this land, of course, will be taken out of taxation.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Kentucky [Mr. Brown] 2 minutes.

Mr. BROWN of Kentucky. Mr. Speaker, we are doing this morning just exactly what the power interests of this country have depended on us to do every time this bill comes up.

I have no defense to make of the provision of the bill granting 5 percent of the gross returns to the States. We in our State would be glad to have the development without that cost to the Federal Government; but also may I say that if you really want this development to take place you ought not to let this thing stand in your way.

On page 55 of the bill you will find that the board in charge of this development can at any time revise this rate in any manner it sees fit.

No law is stronger than the agency administering it. If you have a good board, it will not take them more than 1 day to make a change and put into effect the rate that will fit the occasion. If you have a bad board, you have got a bad bill.

Now, another thing: Here on the floor this morning we are doing just what the Power Trust wants us to do; we are going to fight among ourselves, we are going to disagree, we are going to tie this legislation up, and they will win their point here while you and I who want this type of legislation are frittering away our chances and losing the opportunity.

Mr. HILL of Alabama. And there is not a single man on the other side of the aisle who would vote for the bill even if section 13 were eliminated entirely.

Mr. BROWN of Kentucky. The gentleman is correct. We could strike this section out of it, and yet they would not vote for it. We could strike out of the bill any section to which they said they objected, and still they would not vote for it. We could not present this bill in a form in which they would vote for it.

If the Members of the House have confidence in the President's board, give him the opportunity to do this work.

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, when this question first arose, I objected to the provision with reference to this percentage allowed the States of Tennessee and Alabama; and if it were an original proposition, I do not know that I would agree to it now; but this is simply a peg on which the opposition attempts to hang their excuse for opposing the administration's entire Muscle Shoals program. As a matter of fact, as the gentleman from Alabama [Mr. Hill] said, the Republicans, or at least a majority of them, voted against the bill the other time; they have voted against it for 12 years. I saw them kill it in 1921, before this proposition was ever mentioned.

This is the bill the President of the United States wants. [Applause.] It is the best Muscle Shoals bill that has ever been brought before the American Congress. It marks the beginning of a policy of power development and distribution that will rescue the American people from the clutches of the Power Trust that is now plundering them from one end of this country to the other. [Applause.]

I sincerely trust that every Member of this House, and especially every Democrat, will support this measure. He that is not with us is against us. A vote for this conference report is a vote for the American people as against the Power Trust. A vote against it is a vote against the American people and in the interest of the Power Trust. [Applause.]

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. Green].

Mr. GREEN. Mr. Speaker, I was most interested in the statement of Chairman McSWAIN recently that the Muscle Shoals Authority would be empowered to manufacture fertilizer.

Of course, we are all interested in the power provision, but as a farm-relief measure I believe the manufacturing of fertilizer at Muscle Shoals will mean more to bring relief to the agriculturists of our Nation than any other bill the Congress can pass.

Mr. MAY. Will the gentleman yield?

Mr. GREEN. I yield.

Mr. MAY. Does the gentleman understand that this bill does not provide for the manufacture of fertilizer?

Mr. GREEN. It provides that the Muscle Shoals Authority can manufacture fertilizer, and it is expected to actually do it.

Mr. MAY. There is nothing in the bill to compel it. I wish this provision was mandatory.

Mr. GREEN. And I hope the Democrats on this side of the aisle will not be misled by Republican propaganda to vote against this conference report, because I remember that two Republican Presidents have vetoed our efforts to utilize Muscle Shoals for the interest of the people of our country by the production of power and the manufacture of fertilizer. The soil of the farms in many sections of the country is depleted and leached. It requires liberal application of fertilizer. This is particularly true of the farms in the States of the Southeast. My State consumes a very large amount of commercial fertilizer. We have been paying tribute to the Chilean Nitrates Corporation; this must cease. Muscle Shoals can and should produce this fertilizer at half the cost now paid by our farmers. The bill should be promptly enacted and these reliefs and benefits realized by our farmers who are now so sorely in need. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield myself 1 minute.

I want to say to the membership of the House that a bill like this, with 30 different sections, cannot be condemned and ought not to be condemned, because of some one item in it that some individual Member of the House does not like.

I have never voted for any major matter during my service here that there has not been something in it that I could pick out and find objection to. But I may say to all those who have followed these efforts through all these years to bring about effective legislation to settle this matter and put it behind us, that to vote for this conference report is the only hope that the American people have for a solution of this problem.

Now, Mr. Speaker, I move the previous question on the motion to agree to the conference report.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

Mr. SNELL. Mr. Speaker, on the adoption of the report I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 258, nays 112, answered "present" 1, not voting 60, as follows:

[Roll No. 42]

YEAS—258

Abernethy	Dies	Keller	Reece
Adams	Dingell	Kelly, Pa.	Reilly
Allgood	Disney	Kemp	Richards
Almon	Dobbins	Kennedy, Md.	Richardson
Arens	Dockweiler	Kennedy, N.Y.	Robertson
Auf der Heide	Doughton	Kloeb	Robinson
Ayers, Mont.	Douglass	Kniffin	Rogers, N.H.
Ayres, Kans.	Doxey	Kramer	Rogers, Okla.
Bailey	Drewry	Lamneck	Rudd
Bankhead	Duffey	Lanham	Ruffin
Biermann	Duncan, Mo.	Lanzetta	Sadowski
Black	Dunn	Larrabee	Sanders
Bland	Durgan, Ind.	Lea, Calif.	Sandlin
Bloom	Eagle	Lehr	Schulte
Bolleau	Elcher	Lemke	Scruggam
Boland	Ellzey, Miss.	Lesinski	Sears
Boylan	Faddis	Lewis, Md.	Secrest
Brown, Ky.	Farley	Lindsay	Shallenberger
Brown, Mich.	Fernandez	Lloyd	Sinclair
Brunner	Fiesinger	Lozier	Sisson
Buchanan	Fitzgibbons	Lundeen	Smith, Va.
Buck	Fitzpatrick	McClintic	Smith, Wash.
Bulwinkle	Flannagan	McCormack	Smith, W.Va.
Burch	Fletcher	McFarlane	Snyder
Burke, Nebr.	Ford	McGrath	Somers, N.Y.
Busby	Foulkes	McKeown	Spence
Byrns	Fuller	McMillan	Steagall
Cady	Fulmer	McReynolds	Strong, Tex.
Caldwell	Gambrill	McSwain	Stubbs
Cannon, Mo.	Gasque	Maloney, Ia.	Studley
Cannon, Wis.	Gilchrist	Mansfield	Swank
Carden	Gillespie	Marland	Sweeney
Carpenter, Kans.	Gillette	Martin, Colo.	Tarver
Carpenter, Nebr.	Glover	Martin, Oreg.	Taylor, Tenn.
Cartwright	Goldsborough	May	Thom
Cary	Granfield	Miller	Thomason, Tex.
Castellow	Gray	Mitchell	Truax
Celler	Green	Monaghan	Turner
Chapman	Greenwood	Moran	Umstead
Chase	Gregory	Murdock	Vinson, Ga.
Chavez	Griswold	Musselwhite	Vinson, Ky.
Church	Haines	Nesbit	Wallgren
Cochran, Mo.	Hamilton	Norton	Walter
Coffin	Hancock, N.C.	O'Connell	Warren
Colden	Harter	O'Connor	Wearin
Cole	Hastings	O'Malley	Weaver
Collins, Miss.	Healey	Oliver, Ala.	Weideman
Colmer	Henney	Oliver, N.Y.	Welch
Condon	Hildebrandt	Owen	Werner
Cooper, Tenn.	Hill, Ala.	Palmisano	West, Ohio
Corning	Hill, Knute	Parker, Ga.	West, Tex.
Cox	Hill, Samuel B.	Parks	White
Cravens	Hoeppel	Patman	Whittington
Crosby	Holdale	Peavey	Wilcox
Cross	Howard	Peterson	Willford
Crosser	Huddleston	Pettengill	Wilson
Crowe	Hughes	Pierce	Withrow
Crump	Imhoff	Polk	Wood, Ga.
Cullen	Jacobsen	Pou	Wood, Mo.
Darden	Jeffers	Ragon	Woodrum
Dear	Johnson, Minn.	Ramsay	Young
Deen	Johnson, Okla.	Ramspeck	Zioncheck
Delaney	Johnson, Tex.	Randolph	The Speaker
DeRouen	Johnson, W.Va.	Rankin	
Dickinson	Jones	Rayburn	

NAYS—112

Adair	Brennan	Cooper, Ohio	Englebright
Allen	Britten	Crowther	Fish
Andrew, Mass.	Brumm	Culkin	Focht
Arnold	Burnham	Darrow	Foss
Bacon	Carter, Calif.	De Priest	Frear
Bakewell	Cavichia	Dirksen	Gibson
Beam	Christianson	Ditter	Goodwin
Beck	Clarke, N.Y.	Dondero	Goss
Blanchard	Cochran, Pa.	Eaton	Guyer
Blanton	Connery	Edmonds	Hancock, N.Y.
Boehne	Connolly	Elise, Calif.	Hartley

Hess	Luce	Parker, N.Y.	Taber
Higgins	Ludlow	Parsons	Taylor, S.C.
Hollister	McCarthy	Peyster	Terrell
Holmes	McPadden	Powers	Thompson, Ill.
Hooper	McGugin	Ransley	Tinkham
Hope	McLeod	Rich	Tobey
James	Maloney, Conn.	Rogers, Mass.	Traeger
Jenkins	Mapes	Sabath	Treadway
Kahn	Marshall	Schaefer	Turpin
Kelly, Ill.	Martin, Mass.	Schuetz	Utterback
Kinzer	Meeks	Seger	Wadsworth
Kleberg	Merritt	Simpson	Watson
Knutson	Millard	Snell	Whitley
Kocalkowski	Montet	Stokes	Wigglesworth
Kurtz	Morehead	Strong, Pa.	Wolcott
Lambertson	Mott	Sutphin	Wolfenden
Lambeth	O'Brien	Swick	Wolverton

ANSWERED "PRESENT"—1

Beedy

NOT VOTING—60

Andrews, N.Y.	Dickstein	Kopplemann	Reed, N.Y.
Bacharach	Doutrich	Kvale	Reid, Ill.
Beiter	Dowell	Lee, Mo.	Romjue
Berlin	Driver	Lehlbach	Shannon
Bolton	Evans	Lewis, Colo.	Shoemaker
Brooks	Gavagan	McDuffie	Sirovich
Browning	Gifford	McLean	Stalker
Buckbee	Griffin	Major	Sullivan
Burke, Calif.	Harlan	Mead	Summers, Tex.
Carley	Hart	Milligan	Taylor, Colo.
Carter, Wyo.	Hornor	Montague	Thurston
Claborne	Jenckes	Moynihan	Underwood
Clark, N.C.	Kee	Muldowney	Waldron
Collins, Calif.	Kenney	Perkins	Williams
Cummings	Kerr	Prall	Woodruff

So the conference report was agreed to.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "aye", as above recorded.

The following pairs were announced:

On the vote:

Mr. Sullivan (for) with Mr. Bacharach (against).
 Mr. Hornor (for) with Mr. Lehlbach (against).
 Mr. Beiter (for) with Mr. Buckbee (against).
 Mr. Woodruff (for) with Mr. Waldron (against).
 Mr. Brooks (for) with Mr. Carter of Wyoming (against).
 Mr. Williams (for) with Mr. Muldowney (against).
 Mr. Browning (for) with Mr. Bolton (against).
 Mr. Driver (for) with Mr. Evans (against).
 Mr. Berlin (for) with Mr. Doutrich (against).
 Mr. Lee of Missouri (for) with Mr. McLean (against).
 Mr. Carley (for) with Mr. Andrews of New York (against).
 Mr. Harlan (for) with Mr. Perkins (against).
 Mr. Dickstein (for) with Mr. Stalker (against).
 Mr. Milligan (for) with Mr. Moynihan (against).
 Mr. Prall (for) with Mr. Reed of New York (against).

Until further notice:

Mr. Summers of Texas with Mr. Gifford.
 Mr. Taylor of Colorado with Mr. Collins of California.
 Mr. Kenney with Mr. Dowell.
 Mr. Mead with Mr. Reid of Illinois.
 Mr. Underwood with Mr. Thurston.
 Mr. Gavagan with Mr. Shoemaker.
 Mr. Kerr with Mr. Kvale.
 Mr. Griffin with Mr. Lewis of Colorado.
 Mr. Romjue with Mr. Kee.
 Mr. Major with Mrs. Jenckes.
 Mr. Montague with Mr. Burke of California.
 Mr. Shannon with Mr. Kopplemann.
 Mr. Sirovich with Mr. Claborne.
 Mr. Hart with Mr. Cummings.

The result of the vote was announced as above recorded.

On motion of Mr. McSWAIN, a motion to reconsider the vote whereby the conference report was agreed to was laid on the table.

MUSCLE SHOALS—EXTENSION OF REMARKS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their own remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. FREAR. Mr. Speaker, under permission given by the House, I am stating certain facts that may not be generally known regarding the Muscle Shoals bill passed by the House. Older Members may recollect that in 1914 the river and harbor bill provided for an appropriation of \$18,750,000, as I now remember the amounts, for the Muscle Shoals canal and river improvement then proposed. Believing it to be an unwarranted appropriation, and although unanimously

reported by the committee, that item was opposed and eventually stricken from the bill.

It later appeared in the military bill in the form of a proposal recommended by the Army engineers in a report for production of nitrates to be embodied in the military bill then before the House. Although unanimously reported by that committee, the proposition, with the consent of the chairman of the committee, and the amount named in the engineers' report, if I now remember it correctly, of \$20,000,000 was stricken from the military bill. Alabama and Tennessee have naturally been anxious for this development by the Federal Government.

During the war the Muscle Shoals proposal for the manufacture of nitrates and national defense was undertaken by the President, with the support of Congress, and the various dams and water-power machinery then constructed for the alleged purpose of manufacturing nitrates and power for general use of industries. The long series of negotiations, bills introduced and sometimes passed, are familiar to those who were actively engaged in seeking to make some profitable use of the improvements placed by the Government upon the Tennessee River at Muscle Shoals. This is all past history but is of interest leading up to the bill in which the conference report has been agreed to today.

I have been in favor of utilizing the water power and have sought to vote for the proposals embodied in what is known as the Norris bill. It has been stated to me by a leading member of the Military Affairs Committee that under the terms of the present bill the original purpose of manufacturing fertilizer for agricultural use and nitrates for national defense has been practically abandoned, especially due to doubtful value of the water power for manufacturing nitrates. It is claimed for the bill that it will authorize the use of the plant now at Muscle Shoals for manufacture of electric power and through that means will be of value for the development of the valley of the Tennessee.

The proposed expenditures by the Federal Government have been estimated at anywhere from \$100,000,000 to several times that amount, to be borne by general taxation of the 48 States, and the success of the venture is more or less problematical, according to those who have carefully studied and been associated with its legislation. I am in favor of the Government's utilizing the proposal, even though it takes from the picture the fertilizer proposition heretofore originally offered in its favor and also the manufacture of nitrates so strenuously demanded for national defense. In other words, it has been an elephant on the Government's hands for which the people of Alabama have been insistent and should be disposed of for the best interests of the people of the whole country as well as for the States where located.

Bearing in mind it has been urged for the development of the Tennessee Valley and that large expenditures will be made by the Government, including moneys for the condemnation of lands usually costing the Government the highest price paid, far beyond any market sales, according to experience, to my mind there should be no further contribution or expenditures made or expected from the Government.

The proposal that the Government should make continued contributions to the States of Alabama and Tennessee under section 13 of the act is abhorrent to every fair-minded taxpayer, because it means that, in addition to the expenditure of hundreds of millions of dollars for dams, power houses, machinery, and so forth, the Government is to pay for the privilege of developing power for use of residents of Tennessee and Alabama. That this construction was placed upon section 13 of the bill is certain from the fact that the House conferees struck from the Senate bill that provision on the theory that 46 of the 48 States would be taxed unfairly for these developments in addition to the money expended on the plant and other activities. The House conferees have stated on the floor that section 13 was insisted upon by the Senate conferees and that, in addition to large amounts certain to be expended upon this enormous plant for the generation of power, and apparently for that alone, a further amount of—

Five percent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 percent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam or steam plant located in the State of Tennessee, shall be paid to the State of Tennessee. Upon completion of said Cove Creek Dam the board shall ascertain how much excess power is thereby generated at Dam No. 2 and any other dam hereafter constructed by the Government of the United States on the Tennessee River, in the State of Alabama, or in the State of Tennessee, and from the gross proceeds of the sale of such excess power 2½ percent shall be paid to the State of Alabama and 2½ percent to the State of Tennessee. These provisions shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is only incidental in the operation of such flood-control dam.

This provision, rejected by the House committee but insisted upon by the Senate committee, if correctly understood, is grossly unjust to the Federal Government and cannot be defended.

In debate it was admitted, while the conferees' report was being discussed, that the Alabama Power Co., a private corporation, under the statutes of the State of Alabama, was originally given power to condemn private property for its own use in addition, as I stated from recollection, the property condemned was for a period of 10 years, to be used by the Alabama Power Co. without payment of any taxes to the States in which located. This was a legislative act of the Alabama State Legislature. It was admitted in discussion that the law read substantially as I stated, but it had been repealed, presumably because the Alabama Power Co. had secured all its needed land and the period of 10 years since condemnation had long since expired.

The proposal to require the Federal Government as an initial proposition to provide a tremendous power plant free of expense to the people of Alabama and Tennessee and in addition require a 5 percent gross-earnings tax to be paid to these States beginning from the time the power is sold whether for flood purposes or any other improvements beneficial to the locality, is beyond understanding and cannot be defended excepting by might of the tremendous voting power which the majority have exercised in the agreement to the conferees' report.

I repeat I would have favored the passage of the bill without section 13, which has been set forth because it seems to be the only method of utilizing the property now owned by the Federal Government; but I cannot bring myself to vote for that provision of 5 percent gross earnings given to the States that ought to have been eliminated. It was suggested that the bill be sent back to conference with a change in section 13 to provide that only 5 percent of the net earnings be given to the two States, supposedly in lieu of taxes. This was far more than was ever asked for from the private Alabama Power Co.; but as the law now reads, no matter what losses are suffered by the Federal Government from the operation of this plant, the Government will, as a part of such loss, contribute 5 percent of its gross earnings toward the upkeep of the States of Tennessee and Alabama. Nowhere, I submit, in all legislative history in any State nor with the Federal Government can be found a provision equal to this.

It has been said in defense that the board of three members would see that the matter was fairly conducted, whatever that may be; and it is for that reason the statement appearing on page 19 of the conference report is of especial interest, because it provides as follows:

With such a responsibility upon the President in choosing the right men, and with such a responsibility resting upon the consciences of the men thus chosen, we cannot believe that there will be failure. When the race advances, it must do so along the road of faith in ourselves and our fellows. The members of the board are given the term of 9 years so there may be consistency and continuity in the policies of the Authority.

It is hard to understand how any legislators writing in the words "responsibility resting upon the consciences of the men thus chosen" could have also written that their

term of office should last 9 years, so that it would exceed by any possible mishap the allotted 8-year term in which a President, if reelected, would serve. In other words, it has been contended that such board would be practically permanent for many years; and acting under this provision of the law, the remaining 46 States interested in the conduct of the Muscle Shoals proposition will be helpless to interfere or modify conditions here placed in the bill.

I voted to send the bill to the Senate, but the provision has been written in giving 5 percent of the gross earnings to the two States and is abhorrent to every business sense. It should have been stricken from the conferees' report before its passage by the House.

Mr. CARPENTER of Nebraska. Mr. Speaker and Members, when the Power Trust rears its ugly head party lines are forgotten. Even the wishes of the President are cast aside while greed stalks through these halls. There is every evidence here today that power-company venom has been spread until its poison has affected far too great a number of men here who should be thinking more of the masses of people and less of the welfare of utility corporations.

In my opinion, the greatest name written in the RECORD today is that of Senator GEORGE W. NORRIS, of Nebraska, the man who drafted the major portion of this bill. His long fight against special privilege, and for the people, has brought down upon his graying head the wrath and maledictions of the Power Trust. Although he has been vindicated hundreds of times, there still are some who will make remarks of rankest disparagement against him. Some of those remarks have been made here today. But where the most of us have given this proposal only a cursory glance, Senator NORRIS has devoted years of study to it.

Perhaps the people of Nebraska will get no direct benefit from Muscle Shoals and its development. It may be granted even that Nebraska people will be charged a trifling sum to help develop Muscle Shoals. But do not for one moment believe that there are more than a handful of citizens of that State who begrudge the cost of Muscle Shoals. For many, many years we have sent GEORGE W. NORRIS to the House and to the Senate because he has been right a thousand times against being wrong one time. When Senator NORRIS says this proposition is good, the people of Nebraska know it is good. The opposition to this bill comes directly from the Power Trust which Senator NORRIS has fought so many years. Those who vote against this bill today are tools of the Power Trust, though unwittingly in some cases.

The part I played in this legislation was small. On this floor I objected to the McSwain-Hill bill because I wanted the Norris bill. I finally went to the White House to learn which of the measures the President favored. I was informed there that Mr. Roosevelt preferred the Norris bill. My objection did no more than delay consideration of the measure for a few days, but in that time the President asked for action. The President called the House committee and Mr. NORRIS to the White House, and, as you know, instructed the conferees to bring out the Norris bill. My people sent me to Congress to assist Senator NORRIS when he needed help. I did it and am proud that I did.

Indirectly the passage of the Muscle Shoals bill will materially aid Nebraska and every State in the Union. In our State we have power sites on rivers, and we want to develop those sites. The defeat of the power trust at Muscle Shoals will give us renewed courage to go forward with our own proposals in Nebraska. Our people are in a hand-to-hand struggle with the power-trust octopus. The hold it has upon us must be broken. The House of Representatives today should courageously put to rout the battalion of lobbyists and power-company representatives who have infested the Capitol for weeks while this legislation has been considered. If this Congress keeps its good name, it must decisively defeat the power interests by voting 100 percent for the Norris Muscle Shoals bill.

Mr. LUDLOW. Mr. Speaker, there is one reason, and one only, why I cannot vote for the adoption of this conference report on the Muscle Shoals bill in its present form. I shall never vote to perpetrate a wrong, if I know it, and in my

judgment this conference agreement unjustifiably and indefensibly wrongs the taxpayers of the United States when it obligates, as a gift to the States of Alabama and Tennessee, 5 percent of the gross proceeds from the sale of power developed within their State borders.

What possible excuse is there for this favoritism? We are told that Tennessee and Alabama will be made to blossom as the rose with the money that will be poured from Uncle Sam's cornucopia into this great development enterprise. The gentleman from Tennessee [Mr. TAYLOR] recently drew upon his prophetic vision and told the House of Representatives that it will establish another "Garden of Eden" in Tennessee. Equally roseate prophecies have been made as to what it will do for Alabama.

As the gentleman from Texas [Mr. BLANTON] has so well said today, this project will be a great bonanza for both Tennessee and Alabama. It requires no gift of vaticination to foresee that both Commonwealths will be enormously enriched. Property holdings for hundreds of miles around will soar in value, and factories will spring up, population will thicken, dwellings will be erected, and the stimulus given to property values will tremendously increase the tax duplicates and will swell the revenues that will pour into the treasuries of Tennessee and Alabama by reason of increased taxation.

Why, in the name of heaven, on top of all of these benefits should we give to the States of Tennessee and Alabama 5 percent of the gross proceeds from the sale of power? If this gift were changed from "gross proceeds" to "net profits" it would be bad enough, but a Santa Claus offering to those States of 5 percent of the gross proceeds is unthinkable. In my opinion it cannot be defended on any basis of reason or justice and I cannot understand how such an unjust provision ever got into the bill.

We must remember that the money of all of the taxpayers of the United States is invested in this "white elephant" we call Muscle Shoals, and any favoritism shown to Tennessee and Alabama is at the expense of the taxpayers of Indiana, whom I in part represent, and the taxpayers of 45 other States, and I am not willing that the taxpayers of my State and the taxpayers of the Nation shall be penalized by this grant of special privilege, which is so foreign to the philosophy and teachings of the great patron saint, Thomas Jefferson, to whom we on this side of the Chamber profess allegiance.

In less than 2 hours this bill could be recommitted and the wrong could be taken out of it. If, and when, that is done I shall vote for the conference agreement. If the Senate understands that the House is in grim earnest in its opposition to bestowing this favoritism on two fair-haired States it will yield and there will be no danger that the bill will fail. I voted for the Muscle Shoals bill on its passage through the House, because it is a part of the program of our great President, whose genius is bringing about better times in this country, but the wrong that has since been injected into it must be eliminated before I will vote for the adoption of the conference report and I believe that if the bill reaches the President in its present form he should veto it and send it back here to be corrected in accordance with principles of justice.

Mr. GRAY. Mr. Speaker and Members of the House, this bill is not a perfect bill. No bill can be expected to be perfect and complete. All legislation is a compromise. But it is the best bill that can be secured at this time and I so will give my support.

It establishes the principle and policy of the conservation of natural resources for the use and service of the people. I will vote for the bill because I believe that the earth was created for all the people and not for a certain special few; that every child born into the earth inherits a part of it which it takes by a higher and superior title, with the right of habitation, with the right to live upon the earth, the right to labor to live, and the right to take and enjoy the fruits of that labor; the right of every man to enjoy the earth and the fullness thereof for his own support and those who by nature are dependent upon him.

I believe that the water power, the power of the elements, and the natural energies of the earth are a part of the great natural inheritance which men take with this right of habitation upon the earth and it is the duty of governments, public agencies, and the exercise of the sovereign power of the people to conserve that natural inheritance to the use and benefit of all the people.

This bill establishes the principle and declares the policy that will make every rippling rivulet, every murmuring stream, every onward-flowing current of water, every mountain torrent, and every swelling tide of the sea a force, power, and factor to work and serve the wants, comforts, conveniences, welfare, and happiness of men, while enduring their sojourn here, and going to make the earth a Canaan of plenty and great abundance and a paradise of dazzling splendor and glory as an abiding place for men.

RULES COMMITTEE

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the Rules Committee may have until midnight to file certain reports.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, can the gentleman give any idea as to the subject matter of those reports?

Mr. O'CONNOR. It is expected that the committee may report on the so-called "Celler resolution", against which a point of order was successfully made yesterday.

Mr. BLANTON. I made the point of order that stopped it yesterday. I think the House should have plenty of time to thoroughly inform itself about that resolution before the Rules Committee forces us to debate it under a special rule. I am against it on its merits and want plenty of time to consider that matter, and I object.

Mr. O'CONNOR. Would the gentleman object to the committee's reporting before midnight on another resolution from the Committee on Foreign Affairs?

Mr. BLANTON. There is no junket in that, is there?

Mr. O'CONNOR. I am not so sure about that. [Laughter.]

Mr. BLANTON. Is that the resolution which our good friend SOL BLOOM wants passed, that proposes to spend the substantial sum of \$48,500 for an agricultural conference in Rome, Italy?

Mr. O'CONNOR. I think that is the exact amount.

Mr. BLANTON. Mr. Speaker, I warned the House about this \$48,500 junket to Rome, Italy, when I spoke against it on April 12, 1933 (p. 1597), and I discussed it again last Friday (p. 3355), when we defeated the \$250,000 Sirovich resolution. The farmers of the United States do not want any agricultural institute held in Rome, Italy, especially when it is to cost them \$48,500. Therefore I object.

PROTECTION OF GOVERNMENT RECORDS

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4220) for the protection of Government records, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection?

There was no objection; and the Speaker appointed as conferees on the part of the House Mr. McKEOWN, Mr. CELLER, and Mr. KURTZ.

TAXES FOR PUBLIC WORKS

Mr. STOKES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an editorial from the Washington Post.

The SPEAKER. Is there objection?

There was no objection.

Mr. STOKES. Mr. Speaker, I ask permission to have published in the RECORD an editorial of today's Washington Post, recommending that the money for the proposed program of public works be raised from taxes, such as a sales tax, rather than by an additional issue of Government bonds. I approve this suggestion and urge that the President and his advisers consider it very carefully. It is as follows:

Congress is face to face with the issue of raising taxes to make feasible a gigantic bond issue for public works. Apparently the administration is determined to go forward with this program in the hope that it may create a demand for commodities and furnish work for part of the army of unemployed. The result will be an increase in the debts of the Government and the States and municipalities that borrow money from Uncle Sam to spend on improvements.

This prospective increase in the Federal debt cannot be regarded without apprehension. If this program of spending is carried out, the national debt will again approach the high figure it reached shortly after the war. Nearly all of the \$10,000,000,000 which the American people spent for debt amortization from 1919 to 1929 will be wiped out in an effort to substitute governmental activity for private enterprise. Congress ought to consider with the utmost care the disadvantages of another great increase of the debts of taxpayers while contemplating the benefits that may result from the expenditure of so much money.

Since the Government is determined to carry out a public-works program, why should it not use the taxing power to raise the necessary revenue, instead of creating another heavy burden of debt? A sales tax of 2 or 3 percent would raise money for all the public works that the Government can afford to undertake in the present circumstances. Such a plan would avoid extravagant spending and would not put a strain upon the Government's credit. Business could then be given the assurance that as soon as conditions are improved the sales levy would be repealed. Under the bonding scheme, whatever special tax might be adopted would weigh upon business for 20 years.

There is ground for the belief that conditions are improving, and that business is finding a balance on which it can go forward. Extreme caution is needed to avoid weakening confidence again. Business will not be encouraged by a large bond issue while the Budget remains out of balance. The greatest need is for more business, more industrial activity, and less Government spending.

A moderate public-works program to be financed from a special sales tax would not end the depression, but it would allow the Government to build up the Navy to treaty strength and to push forward other projects of a practical nature. It would avoid further increases in the debt and preserve the Government's credit on a sound basis. The capital which the administration is trying to make available for private industry would not be absorbed for governmental use. Congress might well consider this plan as an alternative to that of increasing the debt which would make extra taxation necessary to take care of interest.

M. Flandin, a former French Minister of Commerce, recently said regarding state loans for public works:

How are the loans to be raised; at what rate of interest; and what would be the repercussions? The budget would have to be balanced, or people would not invest. The rate of interest would be raised by the large demand and the government would be unable to borrow cheaply. The banks would advance only for short periods, and if money were borrowed for long periods the public would want higher rates of interest. High rates of interest on public loans would burden the budget for many years to come. If the works proposed were nonproductive there would be a heavy burden on finance, and if they were productive prices would fall. The world will not get out of the present crisis by creating fictitious means of payment for the disposal of the realities of indebtedness. We must cease to believe in monetary miracles.

He was afraid of large schemes of indefinite extent, and preferred to keep nearer to the earth and to economic realities.

He spoke of Mr. Keynes' proposal to increase the demand for goods by creating more money. In his opinion it was not a question of the amount of money, but it was the rapidity with which it circulated that would bring prosperity.

REEMPLOYMENT AND PUBLIC CONSTRUCTION (H.DOC. NO. 37)

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk, referred to the Ways and Means Committee, and ordered printed:

To the Congress:

Before the special session of the Congress adjourns, I recommend two further steps in our national campaign to put people to work.

I

My first request is that the Congress provide for the machinery necessary for a great cooperative movement throughout all industry in order to obtain wide reemployment, to shorten the working week, to pay a decent wage for the shorter week, and to prevent unfair competition and disastrous overproduction.

Employers cannot do this singly or even in organized groups, because such action increases costs and thus per-

mits cut-throat underselling by selfish competitors unwilling to join in such a public-spirited endeavor.

One of the great restrictions upon such cooperative efforts up to this time has been our antitrust laws. They were properly designed as the means to cure the great evils of monopolistic price fixing. They should certainly be retained as a permanent assurance that the old evils of unfair competition shall never return. But the public interest will be served if, with the authority and under the guidance of Government, private industries are permitted to make agreements and codes insuring fair competition. However, it is necessary, if we thus limit the operation of antitrust laws to their original purpose, to provide a rigorous licensing power in order to meet rare cases of noncooperation and abuse. Such a safeguard is indispensable.

II

The other proposal gives the Executive full power to start a large program of direct employment. A careful survey convinces me that approximately \$3,300,000,000 can be invested in useful and necessary public construction and at the same time put the largest possible number of people to work.

Provision should be made to permit States, counties, and municipalities to undertake useful public works, subject, however, to the most effective possible means of eliminating favoritism and wasteful expenditures on unwarranted and uneconomic projects.

We must, by prompt and vigorous action, override unnecessary obstructions which in the past have delayed the starting of public-works programs. This can be accomplished by simple and direct procedure.

In carrying out this program it is imperative that the credit of the United States Government be protected and preserved. This means that at the same time we are making these vast emergency expenditures there must be provided sufficient revenue to pay interest and amortization on the cost and that the revenue so provided must be adequate and certain rather than inadequate and speculative.

Careful estimates indicate that at least \$220,000,000 of additional revenue will be required to service the contemplated borrowings of the Government. This will of necessity involve some form or forms of new taxation. A number of suggestions have been made as to the nature of these taxes. I do not make a specific recommendation at this time, but I hope that the Committee on Ways and Means of the House of Representatives will make a careful study of revenue plans and be prepared by the beginning of the coming week to propose the taxes which they judge to be best adapted to meet the present need and which will at the same time be least burdensome to our people. At the end of that time if no decision has been reached or if the means proposed do not seem to be sufficiently adequate or certain, it is my intention to transmit to the Congress my own recommendations in the matter.

The taxes to be imposed are for the purpose of providing reemployment for our citizens. Provisions should be made for their reduction or elimination—

First. As fast as increasing revenues from improving business become available to replace them;

Second. Whenever the repeal of the eighteenth amendment, now pending before the States, shall have been ratified and the repeal of the Volstead Act effected. The prohibition revenue laws would then automatically go into effect and yield enough wholly to eliminate these temporary reemployment taxes.

Finally, I stress the fact that all of these proposals are based on the gravity of the emergency, and that, therefore, it is urgently necessary immediately to initiate a reemployment campaign if we are to avoid further hardships, to sustain business improvement, and to pass on to better things.

For this reason I urge prompt action on this legislation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, May 17, 1933.

[Applause.]

APPOINTMENTS UNDER THE CIVIL SERVICE

Mr. HASTINGS. Mr. Speaker, the independent offices appropriation bill in section 8, paragraph (b), as reported to the House by the full House Committee on Appropriations and as passed by the House, is as follows:

In making reductions of personnel due regard shall be given to the apportionment of appointees as provided in the Civil Service Act.

On May 10 I called attention to this provision in some remarks in the House and at that time quoted from the third paragraph of section 2 of the act of January 16, 1883, as follows:

Third. Appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census.

I also inserted in the RECORD in connection with my remarks a table showing that of the approximate 33,000 Federal employees in the District of Columbia the District of Columbia, Virginia, Maryland, Iowa, and Vermont had 16,033, or 14,026 in excess of their quota, and inserted the lists showing the number to which each State is entitled and the percentage filled by each State.

The Subcommittee on Appropriations in the preparation of paragraph (b), above referred to, called in consultation the Civil Service Commission, and the Commission sent as its representative before the committee E. C. Babcock, Secretary of the Civil Service Commission. He was supposed to be fair and disinterested and to give the committee unprejudiced and impartial information. He assisted in phrasing paragraph (b) and was questioned about it before the subcommittee in executive session. He assisted in phrasing a substitute which every newspaper in the city of Washington joyfully accepted, commenting in effect that it would amount to nothing and that the substitute had no "teeth" in it and would not result in giving the States any greater proportionate representation if and when reductions are made.

The Civil Service Act of January 16, 1883, directed that appointments be made in the Federal service upon the basis of population as ascertained by the last census.

Imagine my surprise this morning when I received the following circular signed by this same E. C. Babcock, who is secretary of both the Civil Service Commission and American Federation of Government Employees, which reads as follows:

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES,
(AFFILIATED TO THE AMERICAN FEDERATION OF LABOR),
E. CLAUDE BABCOCK, SECRETARY, 3301 MILITARY ROAD NW.,
Washington, D.C., May 16, 1933.

To Presidents and Secretaries of all Washington, D.C., Lodges, for immediate circularization to all members of their lodges:

IMPORTANT

Copies to presidents of field lodges for information. In spite of tone of my general memorandum of Saturday, there is grave need to "step in" on the apportionment matter.

The situation is far from being as favorable as I had hoped. Read the Washington Star editorial of today. Write a note to the Star thanking for editorial and for help, and for the general attitude of Mr. Fox, who is responsible.

Congressman HASTINGS, of Oklahoma, took floor today and stormily favored apportionment provision as "teeth."

Chairman BUCHANAN, of Appropriations Committee, and Congressman WOODRUM are for a fair deal on this particular question, although Mr. BUCHANAN advocates deep reductions in personnel. Government employees have already felt the "teeth", and it is about time that the Congressmen did a little clear thinking.

I advise every Federal employee to write to his Senator in a very friendly way that we desire that all separations depend on the value of the employee to the Government and not on the accident of the place of birth of the employee.

We are more interested in the maintenance of an honest and efficient service than those who desire to pay for political debts by jobs.

The apportionment matter is fundamental, since we must stick always to the doctrine that we will never take a step except for honest service rendered.

Fraternally,

E. C. BABCOCK, Secretary.

Be sure to read the above and then pass on to others. The message is of vital importance to all Federal employees.

Lodge No. 17, of the American Federation of Government employees, affiliated with the American Federation of Labor, earnestly solicits your membership.

Although the payment of membership dues may occasion some personal sacrifice on your part, the strength of the efforts in behalf of every employee will be increasingly effective as its voice becomes representative of a large and ever-increasing number of employees.

Join now and help in the cause of all.

Sign your name, giving room number, and send to room 1134. A representative will call on you.

Name _____
Room no. _____

This is an amazing letter. This man Babcock should be removed from the position as Secretary of the Civil Service Commission at once, because instead of giving the committee his unprejudiced and impartial views, this letter discloses that he is a partisan in an effort to thwart the will of the committee and of Congress.

This letter states:

Congressman HASTINGS, of Oklahoma, took floor today and stormily favored apportionment provision as "teeth."

This same letter mentions two other members of the committee.

I want to call your attention to the following paragraph of the letter, and, mind you, it was written on May 10, the day I made some remarks on the floor in support of paragraph (b), and it shows how alert E. C. Babcock, secretary of the American Federation of Government Employees, was, in which he called attention to—

Government employees have already felt the "teeth", and it is about time that the Congressmen did a little clear thinking.

This same man is secretary of the American Federation of Government Employees and Secretary of the Civil Service Commission.

Then he advises—

every Federal employee to write to his Senator in a very friendly way that we desire that all separations depend on the value of the employee to the Government, and not on the accident of the place of birth of the employee.

No wonder there has been so much propaganda against the retention of paragraph (b). As the result of ingenuous criticisms, we read in the press that the Senate committee has amended the language so that it is satisfactory to the Federal employees and, of course, to Mr. Babcock, and no doubt upon the recommendation of Mr. Babcock.

Every Federal employee is warned of the impending danger of the passage of paragraph (b). This paragraph has teeth in it. It will result, if enacted, in retaining employees from those States which do not have to have their quota reduced.

Since I have been in Congress it has never been brought to my attention where any Government employee, when asked to appear before the committee to give the committee the benefit of his judgment, immediately attempts to thwart the will of the full committee and the House.

Babcock has no place in the Government service and should be dismissed before sundown. He was supposed to be an impartial witness before the committee. This circular indicates that he is the most biased and partisan witness that ever appeared before a committee of which I am a member.

For the benefit of the committee and with the permission of the House I am reinserting the table which I placed in the RECORD on May 10 and am introducing a resolution authorizing the Civil Service Committee to investigate the administration of the act of January 16, 1883, and to report the result of the findings of the committee to the House.

Figures based on United States Civil Service Commission's late report on condition of the apportionment, 1933

States	Entitled to	Received	Excess appointments
QUOTAS IN EXCESS			
District of Columbia	132	10,778	10,644
Virginia	659	2,273	1,614
Maryland	444	2,112	1,668

Figures based on United States Civil Service Commission's late report on condition of the apportionment, 1933—Continued

States	Entitled to	Received	Excess appointments
QUOTAS IN EXCESS—continued			
Iowa	672	745	73
Vermont	98	125	27
Total	2,005	16,033	14,028
QUOTAS FILLED			
Delaware	74	74	
New Hampshire	145	145	

Present condition of the apportionment detailed by States

States	Entitled	Received	In arrears	Percent filled
Puerto Rico	482	24	458	5
Hawaii	115	13	102	11
California	1,544	342	1,202	22
Arizona	118	33	85	28
Alaska	18	5	13	27
Texas	1,584	433	1,151	27
Oklahoma	651	196	455	30
Michigan	1,317	442	875	33
Louisiana	571	207	364	36
Arkansas	504	180	324	36
New Jersey	1,099	408	691	37
Alabama	719	313	406	44
Mississippi	546	272	274	50
Georgia	791	354	437	45
South Carolina	473	228	245	48
Wisconsin	799	405	394	50
New Mexico	119	58	61	50
Ohio	1,807	925	882	51
Illinois	2,075	1,121	954	54
Oregon	259	125	134	48
Nevada	25	15	10	60
New York	3,423	1,868	1,555	54
Washington	425	240	185	56
North Carolina	862	485	377	56
North Dakota	185	130	55	70
Connecticut	437	254	183	58
Tennessee	711	438	273	61
Kentucky	711	481	230	68
Florida	399	276	123	69
Montana	146	90	56	61
Wyoming	61	41	20	67
Idaho	121	85	36	70
Colorado	282	215	67	76
Pennsylvania	2,619	1,976	643	75
Minnesota	697	543	154	77
Indiana	881	710	171	80
Nebraska	375	305	70	80
Missouri	987	780	207	79
South Dakota	188	160	28	85
Kansas	511	409	102	80
Utah	138	123	15	89
Rhode Island	187	173	14	92
Massachusetts	1,155	1,103	52	96
West Virginia	470	467	3	99
Maine	217	213	4	98

I call your attention to the fact that Virginia is entitled to 659 and has 2,273, or an excess of 1,614 appointments. Maryland is entitled to 444 and has received 2,112, or an excess of 1,668.

Examining the other States, I invite attention to the fact that Texas is entitled to 1,584, has received 433, and is in arrears 1,151, or has received only 27 per cent of her quota. My State of Oklahoma is entitled to 651, has received 196, and is in arrears 455, or has only 30 per cent of her quota.

Members of the House may examine the list and ascertain for themselves the discrimination against their respective States.

The resolution is as follows:

Resolution

Resolved, That for the purpose of obtaining information necessary as a basis for legislation the Committee on Civil Service, as a whole or by subcommittee, is authorized to investigate the Civil Service Commission, the heads of all of the departments, commissions, and independent offices, to determine whether the third paragraph of section 2 of the act of January 16, 1883, being an act to regulate and improve the Civil Service of the United States, as follows: "Third. Appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census" has been enforced and whether each State has its quota of Federal employees in the District of Columbia in the several departments, commissions or independent offices as required by said act.

The committee shall report to the House the results of its investigation, including such recommendation for legislation as it deems advisable.

The committee, or any subcommittee thereof, is authorized to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony and report its recommendations to the House.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS. Yes; I yield.

Mr. WEIDEMAN. Is not that ground for removal of that official?

Mr. HASTINGS. In my judgment this man ought to be removed before the sun goes down. [Applause.]

Mr. LOZIER. Is the gentleman or any Member of this House surprised at this action, when for 20 years the Civil Service Commission has trampled under foot the reapportionment provision and has refused to give it force and virility?

Mr. HASTINGS. That is not only true but it has been done for 50 years, because the original act was passed January 16, 1883.

Mr. Speaker, I ask unanimous consent to insert this letter as a part of my remarks, and, second, to insert a list of the quotas by States, and the percentage that each State has. Also I have introduced a resolution asking the Civil Service Committee of the House to make a thorough investigation. It does not require the expenditure of any money; and if the resolution is passed, I am sure that we will get all the facts and get definite results. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. BLANTON. Mr. Speaker, I reserve the right to object merely for the purpose of giving me an opportunity of asking my friend from Oklahoma whether or not he noticed in the Washington Herald this morning the editorial headed "The Senate to the Rescue", in which this paper asserts, in effect, that the people of the District of Columbia can always have confidence in the United States Senate doing what they want done. The most amusing part of this editorial was the statement that the Senate has "superior enlightenment", and that it stands between the Washington people and the "narrow-minded, vindictive House of Representatives." And respecting the salutary provision which the House placed in the bill to protect the other 46 States in their being denied their respective quotas of Civil Service employees, in order that the States of Virginia and Maryland and the city of Washington could gobble up practically all such appointments, the Herald said the subcommittee of the Senate Appropriations Committee "eliminated this unwise provision." I hope the gentleman will insert this editorial in his speech.

Mr. HASTINGS. They seem to be very happy about the report of the Senate amendment, and if the gentleman will give me the press report, with the permission of the House, I shall be glad to include it as a part of my remarks.

Mr. BLANTON. I shall be glad to have him do that, so that the Members of the House will know in advance what is being done to them somewhere else.

The SPEAKER. Is there objection?

Mr. McCORMACK. Mr. Speaker, I reserve the right to object in order to advise my friend, the Chairman of the Committee on Civil Service, when he is making the investigation, to also investigate the reasons why the Civil Service Commission has created a dead line and refused to accept applications of men and women above 48 years of age simply because of the retirement legislation, which I think is absolutely wrong.

I had a hearing before the Civil Service Commission and tried to convince them to revoke that rule, that dead line, which is so disastrous and which everybody who is reasonable and sane condemns, and if there is any investigation, that should also be investigated by the Civil Service Committee of the House. I hope my distinguished friend will have that in mind.

Mr. JEFFERS. The committee will be glad to hear the distinguished gentleman at that time.

The SPEAKER. Is there objection?

Mr. RICH. Reserving the right to object, I want to make inquiry of the gentleman from Texas [Mr. BLANTON] as to the statements published in newspaper reports, whether that is what he is asking to have in the RECORD. If it is newspaper reports that he wants included in the RECORD, then I object.

Mr. BLANTON. It was an editorial in the Herald this morning, asserting in a gloating way that the House action had been eliminated by the Senate.

Mr. RICH. I object to that feature of it.

Mr. BLANTON. My remarks show what it is anyway, so after all, that is probably enough of it to go into the RECORD.

Mr. PARKS. Mr. Speaker, regular order.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. HASTINGS] to extend his remarks in the manner indicated?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BUSBY. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. SNELL. Reserving the right to object, Mr. Speaker, I should like to ask what the program will be for the balance of the afternoon, and if there is any other business to come before the House?

Mr. BYRNS. No. There is no other business that I know of.

Mr. SNELL. Then we may leave, with that understanding.

Mr. BYRNS. I should not want the gentleman to leave. [Laughter.]

Mr. BUSBY. The gentleman will miss something if he goes now.

Mr. SNELL. I intend to remain, but others may not care to stay.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. BUSBY]?

There was no objection.

EXPLANATION OF VOTE

Mr. WOOD of Missouri. Mr. Speaker, I am called home on very important business, leaving tomorrow, and will be absent probably a week. I want the RECORD to show how I would vote on a measure that may come up during my absence; that is, the immediate payment of the veterans' adjusted-service certificates. If I were present and that measure comes before the House for a vote, I would vote "aye" on the measure.

The SPEAKER. The gentleman from Mississippi [Mr. BUSBY] is recognized for 15 minutes.

HAVE WE LAID ANY FOUNDATION FOR FINANCIAL RECOVERY?

Mr. BUSBY. Mr. Speaker, I am quite certain the question that is uppermost in the minds of a great many Members of the Congress is whether or not the things we have done up to now have gotten us anywhere or have placed this country on a very much sounder financial basis.

THE PEOPLE'S MONEY PAY PRIVATE DEBTS

The Reconstruction Finance Corporation is the agency through which the Congress has been operating to issue the bonds of the Government, which are first mortgages on the future income of the people and their property, as they may be taken through the taxing power so as to raise money, and with that money pay off private obligations to private persons and to put into operation the type of work which carries benefits to individuals. For all of these the Government requires the taxpayer to furnish the funds.

We understand that all bonds issued by the Reconstruction Finance Corporation are payable by the people through taxation that is to be levied in the future.

WE BELIEVED WE WERE TO ECONOMIZE

We started out at the beginning of this session to economize. The very first piece of legislation followed an appeal to this Congress by the President and leaders to enact statutes that would insure economy. We overwhelmingly voted for that, in good faith, and passed the economy bill on the assurance of the gentleman from Alabama [Mr. McDUFFIE] that economy was the objective to be obtained, and

not a move to drop the wounded and disabled ex-service men from the benefits they were receiving. That bill reduced the salaries of Congressmen and Senators \$1,500 per annum. It cut the salaries of all Government employees, and as it has been administered it has turned hundreds of thousands of persons out of employment and into the streets. A great many friends of the veterans, disliking as much as they did to support that proposition and give such great power into the hands of our President and those under him, but believing that economies would be effected, in the name of economy supported it. It was not long after that until we were called upon to provide a gift to the States of \$500,000,000, through the Wagner-Lewis bill, that dissipated all of the savings we had made by cutting off the veterans. But that was not all.

NATIONAL DEBT WILL BE INCREASED \$10,000,000,000

We will soon have increased the national debt of this country \$10,000,000,000 from its low point reached in 1930. At an average price of 4-percent interest on that \$10,000,000,000 of increased national debt, a part of which will go to support the program that was laid down in the President's message to Congress today, the interest on that increase in the national debt will amount to \$400,000,000 per annum that the taxpayers must bear. If you will stop to think, that exactly balances the savings that were made by cutting off the veterans. The interest on these new bonds must be paid the bankers every year just as the payment we were making to the veterans.

SAVINGS MADE BY CUTTING OUT DISABLED VETERANS ARE BEING GIVEN TO THE BANKERS IN ADDED INTEREST

The amounts taken from disabled veterans in reducing and cutting out disabled and wounded service-connected cases and in dropping disabled non-service-connected ones will exactly balance the increase in interest that it will be necessary to pay on the added \$10,000,000,000 new Government bonded debt, which debt will be tax exempt in the hands of the big bankers of the country. The amounts cut off of the compensation of the veterans of all wars will be about \$400,000,000, and that is the amount that must be each year collected from the taxpayers and added to the fund to pay bond interest.

On March 15 last I delivered a speech in this House, in which I said:

Mr. Speaker, a great deal has been said recently about the expense of the Veterans' Administration, and especially the amount that has been paid to the disabled veterans, whether service connected or not. It is claimed that they have cost the Government some \$5,000,000,000. I want to call your attention to another bonus that has been paid and that is being paid, and the amount is continually growing.

\$11,614,000,000 BONUS PAID TO BOND BUYERS

It is a bonus paid to the plutocratic class of this country. During the past 16 years, from 1917 to 1932, inclusive, there has been paid to the holders of tax-exempt securities in this country \$11,614,000,000 interest, considerably more than twice the cost of the Veterans' Administration. This, Mr. Speaker, is a bonus that is being paid to the "big boys", about which you have not heard a word of complaint. [Applause.]

BONUS TO THE MONEY LORDS SHOULD BE CUT

Something ought to be done by this Congress and by this administration, not only to relieve the taxpayer somewhat of the inequities that have crept into the administration of the Veterans' Bureau but they ought to be relieved of this inordinate cost that comes by way of the bond-interest charge which must be collected from the taxpayers of this country. That is not all. Those bonds are tax exempt, and the holders of them do not propose to take any part in bearing the expenses of this Government.

INTEREST ON SHORT-TERM NOTES INCREASED 4,000 PERCENT

I do not think the public generally understands why the interest rate was advanced from one tenth of 1 percent as it was on the last short-term notes sold by the Treasury, to 4 percent and 4½ percent on the issue sold today, March 15. The Treasury did not even offer these short-term securities sold today for any other amount of interest than around 4 percent, and that is an increase of 4,000 percent over the interest paid on a recent sale which was oversubscribed 20 times. I do not understand it. I do not think it has ever been explained.

Here is what they call "sound money": It is money which is issued on bonds owned by the bankers on which the Government pays 4 or some other percent of interest, but if the Government proposes to make money without paying the 4 percent for its circulating medium, the newspapers say it is "flat money" and not sound. [Applause.]

THE ECONOMY BILL

We had faith in the President; we still have faith in the President. But we know it is humanly impossible for him personally to do everything. We know that he is not personally administering the Economy Act. We know that it is being administered by agents who have little concern about the welfare of battle-scarred veterans of the Spanish-American War or the veterans of the World War. These are being dealt with according to a policy planned and directed by the National Economy League, a cold and heartless organization, the offspring of the United States Chamber of Commerce, whose membership is for the most part from the rich and wealthy class. And so the Director of the Budget cuts and slashes without an understanding in the particular cases, and without concern about fate of the disabled defender of his country. It matters not to the National Economy League and the Director of the Budget that because of the wounds of battle and the loss of health in the service of war these men cannot now earn food and clothing for themselves and dependents. Such things make no appeal to them.

I suppose it matters little whether any one of us serve out the present term or remain longer in Congress. There has always been and there will continue to be in all governments an eternal fight to prevent the powerful and wealthy from preying on the masses of the people. So it is now. Some of the greatest admirers the President has ever had have felt that Congress has been slow in giving the disabled veterans a square deal. The same interests in this country that are demanding of the President that he ruthlessly deny relief to the disabled veteran fought them to the finish when Congress was passing relief legislation over the veto of a former President.

The boys who were herded together and sent to the war from my community were my boyhood friends. We grew up together; they believed in me and I knew them to be true as steel. They have stood by me all along the way politically, personally, and in every kind of trial. They had faith in me that I would fight to see that they had a square deal.

EX-SERVICE MEN NOT GETTING SQUARE DEAL

The ex-service men of the Spanish-American War and the World War are not getting a square deal under the Economy Act as it is being administered by the Director of the Budget. I voted for the bill creating that law believing in the President and relying on the assurance of the leaders in the House that the ex-service men would be given a square deal. I did it in the name of economy, and because it seemed the only thing to do for the good of the country. My regret comes not because of the loss of political support, if such loss there be, but because some of my friends who had faith in me are now uncertain as to whether I have kept that faith. This, and this only, is my regret.

The President says in today's message that we have to raise \$220,000,000 to finance this proposition. That calls for \$3,300,000,000 outlay. We are not putting this money into self-liquidating projects.

We are putting it into propositions where once it is spent it is gone and becomes nothing more nor less from then on but a charge against the taxpayers to bondholders that must be paid continually by the people.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. BLOOM. Two hundred and twenty million dollars, I understand, is for interest and amortization as well; not \$220,000,000 interest alone on this \$3,300,000,000 project.

Mr. BUSBY. Perhaps the gentleman is right to some extent on that, but if we increase the national debt \$10,000,000,000 and pay 4-percent interest on it, and that is just what we are doing, we will have an added interest obligation for the people to pay to the extent of \$400,000,000.

I repeat again, as I said in my speech in this House on March 15, during the last 16 years we have paid to the tax-exempt security holders an average of almost \$1,000,000,000 a year, or some \$3,000,000 a day interest.

How do the banks purchase these bonds? All of the banks in this country have not more than \$8,000,000,000 of their

own funds, in the form of capital stock, reserves, and surplus. Now, the banks hold considerably more than that amount of Government bonds.

With what do they purchase these bonds? They purchase these bonds with the people's deposits.

In other words, the banks have \$8,000,000,000 of their own funds and \$40,000,000,000 of the people's funds as bank deposits. They use this \$40,000,000,000 to purchase the Government bonds, which are mortgages on all the people.

The banks receive interest for the loans they make to the people who borrow from the banks, which borrowings are left in the bank as bank deposits, checking accounts, and so forth, and the banks then receive interest for the investment they make in Government bonds.

So it works out both ways for them. At present the big bank will not make loans to business people because they say the business people have no good security. So the big banking interests want more Government bonds issued so they can "invest" and get interest.

The question now arises, how many bonds could this Government issue and still sell them at par? There is bound to be a limit at which the Government must cease to issue its securities, if it is to keep them at par and the "Budget balanced."

As stated, the banks have but \$8,000,000,000 of their own funds and \$40,000,000,000 of deposits that belong to the people; and, by the way, they have it fixed so that if the bank gets into difficulty it can go under the protection of the Comptroller of the Currency and drive the people away from their deposits with civil officers. So how many bonds can we sell and maintain them at par? This is a proposition for you to work out.

Certainly we will never balance the budget by a method of bookkeeping whereby we cut off from the veterans \$400,000,000 and call it savings, then through the medium of the Wagner-Lewis bill spend \$500,000,000 by giving it away—not a loan, but an out-and-out gift—and pass that over by bookkeeping juggling to the other side of the ledger and say that is a deferred matter and you need not count it in the proposition when you go to "balance the Budget."

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. MAY. Taking the fixed charges of the Government, the charges it must pay regardless, plus interest charges, with another \$3,000,000,000 or \$4,000,000,000 and how long will it be until the Government gets to the point where its fixed charges and interest charges exceed its income?

Mr. BUSBY. That is the question we have got to try to settle here.

I have jotted down this note: How long can we continue to issue Government bonds which carry a charge of interest of about 4 percent against the people and pass those Government bonds by sale into the hands of investors by them to be held and the interest collected on which they pay no return to the Government by way of taxes, because the bonds are tax-exempt securities? How long can the Congress continue to do these things and not load the people down with recurring interest charges on all these Government bonds to where they cannot meet it by any kind of taxation? Special interests are now demanding a sales tax—which is a method of robbing the poor—so the Government may collect money into the Treasury with which to pay them interest on tax-exempt bonds bought with other peoples' money.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. BLOOM. Is it not a fact that if the banks did not buy these Government bonds, they would be compelled to keep in their vaults the cash in reserve?

OUR MONEY AND BANKING SYSTEMS ARE FOUNDED ON DEBTS

Mr. BUSBY. Conceding that that is a fact, there is not enough cash in the country to keep proper reserves in the vaults. All of the money in this country except the intrinsic value of the silver and the gold is issued on debt. All of the national bank currency is issued on debt and nothing but debts.

The entire banking structure is founded on debt. That is the reason the big banking interests are happy to see us issuing so many tax-exempt Government bonds at a time when no other bonds are dependable. Government bonds are not secured by a mortgage on some man's property or on some business, town, or county. They are a first mortgage on the United States. They are seeing to it that our President is providing them with plenty bonds and no currency or new money.

In 1837 there was no national debt and they had no dependable debts to rely on when the crisis came, so the banks, such as they were then, all went broke.

My explanation of the collapse of our banking system is that it is founded on debt, and the debts have so shrunk in value that the banks, like everybody else, are called on to pay high-priced dollars when they received cheap dollars and received security for loans in relation to the cheap dollars.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. McFADDEN. I am interested in the colloquy that just took place in regard to the banks. The 12 Federal Reserve banks hold now \$1,836,000,000 of Government bonds, whereas the deposits from banks in the Federal Reserve System are approximately \$2,000,000,000.

Mr. BUSBY. Yes.

Mr. McFADDEN. So all they have on which to operate now is the difference between these two and their capital and surplus. Is not this correct?

Mr. BUSBY. That is absolutely correct.

Mr. McFADDEN. But is it not a fact that we would not have had the break-down of March 4 if the Federal Reserve banks had not been so frozen?

WE MUST HAVE NEW MONEY—INFLATION

Mr. BUSBY. That is true as to them and it is true as to the entire banking system. Banks have "frozen assets" when the loans are bad and cannot be collected—a merchant would call them bad debts.

Now, I want to make this suggestion. When our administration began we had at that time great hopes that new money was going to be put into circulation and that the medium-of-exchange machine, which had broken down by reason of the fact that bank credit was gone and money was hoarded, was going to be somewhat repaired and restored. Two billion dollars had been printed. Business raised its head and began to have hope. How much of that ever got beyond the banks? Not more than \$15,000,000 or \$20,000,000 ever passed the banks, although they took out of the Treasury some \$650,000,000 and held it for a few days to meet bank runs. Then Congress passed a law against bank depositors.

Then through the process of managing the Federal Reserve, it and the banks took out of circulation not only the \$650,000,000 of new currency, but they took out altogether within 20 days, \$1,400,000,000 of currency and reduced business back to the static condition which had given it so much trouble, and hope began to wane.

In the recent farm bill which we passed, the Thomas amendment was added, whereby the President is authorized to purchase bonds and pay for them in money to the amount of \$3,000,000,000, and yet this situation presenting itself, we are called upon today to create \$3,300,000,000 more interest-bearing debt to tax the people with instead of using this currency to restore the circulating medium of the country and at the same time put into effect the "prosperity work program."

Mr. Speaker, we will never get out of debt by making bigger and more extensive loans and further taxing the people for bond interest. The only way we can ever get out of debt, the only way we can ever do business, the only way we can ever raise commodity price levels, is to restore the medium of exchange, and this simply means to reflate the currency back to where it will do the business of the country at a reasonable price level. [Applause.] The advisers of our administration who do not see this are certainly very short-sighted. I am inclined to believe, Mr. Speaker, that

the advisers are not very much changed from what they have been for the last 3 or 4 years, because we get the same results from the same sources, and it is not possible for us to know a tree except by the fruit that grows upon it. We will continue to meet disappointment just so long as we try to lend ourselves out of debt. We will further overwhelm the people with charges and interest and tie the hands of the people and of business by piling up on them added accounts which they can never settle this side of the day of judgment. [Applause.]

[Here the gavel fell.]

Mr. FULLER. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. FULLER. Mr. Speaker, since the gentleman from Oklahoma [Mr. Hastings] spoke my attention has been called to certain facts in regard to Civil Service employees to be employed by the emergency agricultural adjustment administration.

When the emergency agricultural bill was before the House it contained a provision that the employees should come from the Civil Service and under the Classification Act. This provision was eliminated from the bill, and the men who are to administer this law know—or if they are competent to administer the affairs of their office should know—that it was the intention of the Congress that these offices should not be filled by Civil Service employees.

I have in my hand the draft of a notice that has gone out to the newspapers, released by the United States Department of Agriculture, under the heading, "Will draft the agricultural personnel from the farm force in Washington", all placed there by a Republican administration. This is issued by the Secretary of Agriculture, and what else could we expect from a Republican Secretary of Agriculture? Not only this, but he says that George N. Peek, who is another Republican, and Charles J. Brand, another Republican, who are going to administer these agricultural-relief measures, are not going to recognize the wishes and the demands of the Congress, but are going to take their personnel from the offices here in Washington under the Civil Service, and they are going to administer them irrespective of what the Democratic side of this House or the Congress wants to be done; and if we overlook these matters and if we allow them to go ahead in this way they will enforce the same rules and regulations, against the proceedings or the wishes of this House, with respect to the Wagner-Lewis emergency relief measure. It is also rumored that these same Republican appointees, who employ more than any other department in their farm-relief program, are to let governors and supreme courts select the State and county directors. Representatives who are daily put on the "spot" and faithfully work and vote to carry out administration measures, many of which they would prefer changed, are not to be considered. These Republican dictators are to handle the patronage and administer as they see fit these Democratic measures.

I want to tell you that these men did not help to get the nomination for President Roosevelt before the convention. I want to tell you that the people of this country have about made up their minds that when they win they lose as far as office is concerned, and that they believe in the Democratic principle, adhered to by the Republicans as well, that to the victor belongs the spoils. Republican postmasters are given to understand that they will not be disturbed until their terms of office expire, yet in my district, when Harding went into office, the Democrats were instructed by telegraph to turn over their offices to the Republican successors. It is true we should feel grateful to the Republican postmasters because they nominated Mr. Hoover. The men who gave us the great Democratic victory last November were not Republican officeholders nor Republicans seeking office, but it was the united democracy and the men and women of this Nation who wanted a change; they not only wanted

a change then, but they want the change now, and will never get it if the policy of the Agricultural Department is permitted to prevail. [Applause.]

If we just pass these matters over, there will be no changes. There has not been a change in the Department of Agriculture, and there is not going to be any if we just stand quietly by and let these Republicans do as they please. The Republicans are not getting any glory out of it themselves, because these men do not even claim to be Republicans now—they have quit you. They belong to no party—just big, patriotic Americans that even President Roosevelt could not do without. [Applause.] The farmers had one such experience when Alexander Legge was appointed as president of the Farm Board. He represented the Harvester Trust, the greatest parasite ever known to the farmer. Peek has been in the same business. We wonder if he will follow in the same Republican tracks.

So, Mr. Speaker, we might just as well let this bunch know that we are going to have something to say about running this Government; that we are going to say how they are going to run their departments. It is an insult to every man on the Democratic side of this House for these hide-bound Republicans, after we have gone out and won the victory, to pay absolutely no attention to us, and say that they will not administer these matters as we want them administered, but will take Civil Service employees and administer the laws with them.

I am for the Civil Service employees. They are the best kind of people in the world. They are one class of people who have never felt the panic.

These men employed here are drawing good salaries. The unemployed all over the country thought we were going to have a new deal. We are not getting it and not going to get it without we exert ourselves. Members of Congress are given a few post-office appointments. Yes; and each and every one of them is a liability instead of an asset. [Laughter and applause.]

These men at the head of these departments are going to select these men irrespective of Members of Congress, irrespective of Democrats already out of a job. These arrogant Republicans at the head of these departments are giving out circulars to the press saying they are going to pay no attention to your demands—they are going to stick to the Civil Service employees of the Government who were selected in another administration. They claim these employees are efficient, as much as to say the unemployed able Democrats of the country are incompetent—the same argument every Democrat in the North is forced to meet as a Republican argument.

Mr. ALLGOOD. Will the gentleman yield?

Mr. FULLER. Yes.

Mr. ALLGOOD. I understand the Efficiency Board now is rating those under the Civil Service at the head of which are Republicans.

Mr. FULLER. That is true. The people of the country feel that the Democrats ought to have some consideration, and we are not getting it. It is the sentiment of 99 percent of the Democratic membership of this House.

It may not be policy for me to stand here and say that I am not satisfied, but I am not satisfied to take just what is given to me. I am not satisfied and neither are the rest of you satisfied, and it is high time the Democrats in this country let their wishes be known. [Applause.]

Oh, yes, when there is a little dissension they call us together and give us a few sweet platitudes and say that our demands will be considered later. "Be patient", "Give us time", "All will be well", are now the passwords, and when we adjourn a few Eastern States and the Western Republicans will land the positions. Personally, I do not expect to get anything but liabilities instead of assets, and that is in post-office appointments.

Mr. TRUAX. Will the gentleman yield?

Mr. FULLER. Yes.

Mr. TRUAX. The same condition exists in the State of Ohio under Gov. George White. I want to ask the gentle-

man the question whether we are not keeping the same men who advised the cotton farmer to plow up every third row of cotton?

Mr. FULLER. Yes; the same ones—they are experts. Yet I doubt if they would know wheat from oats or a Jersey from a Hereford.

I conclude with the document issued by the great Department of Agriculture, to which I referred, which reads as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF INFORMATION,
Washington, D.C., May 15, 1933.

WILL DRAFT AGRICULTURE PERSONNEL FOR FARM ACT FORCE IN
WASHINGTON

STATE ADMINISTRATORS TO SELECT FOR MOST FIELD APPOINTMENTS WITH-
OUT CIVIL SERVICE REQUIREMENTS WHICH WILL GOVERN IN WASH-
INGTON OFFICE

Present employees of the United States Department of Agriculture will be used wherever possible in the emergency agricultural adjustment administration, George N. Peek and Charles J. Brand, administrators of the new farm act, announce. All personnel for service in the Washington office will come under the Civil Service rules and regulations, except special experts and certain key positions requiring technical training and experience.

Selections for employment for service in the field under the new act will be made by State administrators who will be announced at an early date. Appointments in the field will not be subject to Civil Service rules (except the positions of special county assistants, for which an examination will be announced at an early date). Inquiries regarding these positions should be addressed to the State administrators.

Emphasis is laid on the fact that the majority of the work under the new bill will be in the field and that the Washington organization will be held to a minimum. (The force needed in Washington will be smaller than most applicants have anticipated.)

Washington office positions will be filled wherever possible by transfer of department employees, and when these are not available positions will be filled from the Civil Service rolls. (In line with the President's policy on economy, the force engaged in this activity will be kept to the minimum necessary for the efficient administration of the act.)

PERSONAL EXPLANATION

Mr. TAYLOR of Colorado. Mr. Speaker, the entire Colorado delegation, four of us, were engaged in a conference at 1 o'clock, at the instance of the Governor of our State, with the Senators from our State. Necessarily we were absent from the House at the time the vote was taken on the Muscle Shoals conference report. If we had been present, all four of us would have voted for it.

LEAVE OF ABSENCE

Leave of absence was granted as follows:

To Mr. WOODRUFF, indefinitely, on account of illness.

To Mr. REED of New York, for the remainder of the week, on account of illness.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 73. An act to authorize the Comptroller General to allow claim of district no. 13, Choctaw County, Okla., for payment of tuition of Indian pupils;

S. 1410. An act to amend section 207 of the Bank Conservation Act with respect to bank reorganizations;

S. 1415. An act to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases; and

S. 1582. An act to amend section 1025 of the Revised Statutes of the United States.

THE LATE REPRESENTATIVE CHARLES H. BRAND

Mr. VINSON of Georgia. Mr. Speaker, it is with profound regret that I have to announce to the House the death at his home in Athens, Ga., this morning, of my colleague, Hon. CHARLES H. BRAND. For 16 years he served with distinction as a Member of this body, and as a member of the powerful Committee on Banking and Currency his name is identified with much of the important legislation passed by the House in recent years. Judge BRAND was a profound lawyer, an earnest student of legislation, and a lovable friend. His hold upon the loyalty and devotion of his con-

stituency was unrivaled and his place in the affections of the older Members of this body is secure.

I offer the following resolution, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 147

Resolved, That the House has heard with profound sorrow of the death of Hon. CHARLES H. BRAND, a Representative from the State of Georgia.

Resolved, That a committee of two Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

The Chair appointed the following Members of the funeral committee: Mr. PARKER of Georgia and Mr. WOOD of Georgia.

The SPEAKER. The Clerk will report the remainder of the resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect this House do now adjourn.

The resolution was agreed to.

ADJOURNMENT

Accordingly (at 2 o'clock and 37 minutes p.m.) the House adjourned until tomorrow, Thursday, May 18, 1933, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON IMMIGRATION

(Thursday, May 18, 10 a.m.)

The Committee on Immigration will hold a hearing at room 226 (Old Office Building) at 10 o'clock a.m., Thursday, May 18, on H.R. 1497, H.R. 5570, and H.R. 5630.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

68. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 9, 1933, submitting a final report, together with accompanying papers, on a survey of Lake Washington Ship Canal, Wash., authorized by the River and Harbor Act approved June 5, 1920; to the Committee on Rivers and Harbors.

69. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 10, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Alafia River, Fla., to connect Government channel in Hillsboro Bay with said river, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

70. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 11, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Corea Harbor, Maine, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND
RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TARVER: Committee on the Judiciary. House Joint Resolution 179. Joint resolution designating May 22 as National Maritime Day; with amendment (Rept. No. 142). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GIBSON: A bill (H.R. 5658) to extend the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburt, Vt., to West Swanton, Vt.; to the Committee on Interstate and Foreign Commerce.

By Mr. EICHER: A bill (H.R. 5659) authorizing Charles N. Dohs, R. R. Hunt, their heirs, legal representatives, and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River between the States of Iowa and Illinois at or near the junction of the Iowa and Mississippi Rivers; to the Committee on Interstate and Foreign Commerce.

By Mr. GIBSON: A bill (H.R. 5660) providing for an additional justice of the Court of Appeals of the District of Columbia; to the Committee on the Judiciary.

By Mr. STEAGALL: A bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes; to the Committee on Banking and Currency.

By Mr. CARTER of California: A bill (H.R. 5662) to amend the act approved March 20, 1933, known as "An act to maintain the credit of the United States Government"; to the Committee on Expenditures in the Executive Departments.

By Mr. KVALE: A bill (H.R. 5663) relating to annual leave of employees in the Government Printing Office; to the Committee on Printing.

By Mr. DOUGHTON: A bill (H.R. 5664) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes; to the Committee on Ways and Means.

By Mr. DIMOND: A bill (H.R. 5665) authorizing the control of floods in the Salmon River, Alaska; to the Committee on Flood Control.

By Mr. HASTINGS: Resolution (H.Res. 146) to investigate the Civil Service Commission, the heads of all the departments, commissions, and independent offices to determine whether the third paragraph of section 2 of the act of January 16, 1883, has been violated; to the Committee on Rules.

By Mr. DOUGHTON: Joint resolution (H.J.Res. 183) extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission; to the Committee on Ways and Means.

By Mr. McFARLANE: Joint resolution (H.J.Res. 184) relative to taxing certain incomes; to the Committee on the Judiciary.

By Mr. KENNEDY of Maryland: Joint resolution (H.J.Res. 185) authorizing and directing the Comptroller General of the United States to reopen, adjust, and settle the accounts of the city of Baltimore for advances made by the city in 1863 for the construction of works of defense, and for other purposes; to the Committee on War Claims.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLLINS of California: A bill (H.R. 5666) granting a pension to Kittie A. Love; to the Committee on Invalid Pensions.

By Mr. CONDON: A bill (H.R. 5667) granting a pension to Miles S. Jensen; to the Committee on Pensions.

By Mr. DOUGHTON: A bill (H.R. 5668) authorizing the relief of the McNeill-Allman Construction Co., Inc., of W. E. McNeill, Lee Allman, and John Allman, stockholders of the McNeill-Allman Construction Co., Inc., and W. E. McNeill, dissolution agent of McNeill-Allman Construction Co., to sue in the United States Court of Claims; to the Committee on Claims.

By Mr. FOCHT: A bill (H.R. 5669) granting a pension to Elizabeth S. Houtz; to the Committee on Invalid Pensions.

By Mr. GILLETTE: A bill (H.R. 5670) granting an increase of pension to Amanda E. Hummel; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5671) for the relief of Laura Lynch; to the Committee on Claims.

By Mr. GOSS: A bill (H.R. 5672) granting an increase of pension to Eva Norton; to the Committee on Invalid Pensions.

By Mr. HAINES: A bill (H.R. 5673) granting a pension to Clara J. Sanders; to the Committee on Invalid Pensions.

By Mr. MILLIGAN: A bill (H.R. 5674) for the relief of the Northwest Missouri Fair Association, of Bethany, Harrison County, Mo.; to the Committee on Claims.

By Mr. PETERSON: A bill (H.R. 5675) granting a pension to Elise M. Lum; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5676) granting a pension to Daisy Vredenburg; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1068. By Mr. GIBSON: Petition of Waterbury Post, No. 59, American Legion, protesting against the removal of the regional office of Veterans' Administration at Burlington, Vt.; to the Committee on Appropriations.

1069. Also, petition of Lions Club of Burlington, Vt., endorsing the continuance of reserve officers' training camps, citizens' military training camps, and the collegiate Reserve Officers' Training Corps activities; to the Committee on Appropriations.

1070. By Mr. JOHNSON of Minnesota: Petition of the City Council of Granite Falls, Minn., urging passage of the Frazier bill; to the Committee on Agriculture.

1071. By Mr. KELLY of Pennsylvania: Petition of citizens of Pittsburgh, Pa., protesting against reduction in personnel of the Army, Navy, and Marine Corps; to the Committee on Military Affairs.

1072. By Mr. KRAMER: Senate Joint Resolution No. 20, State of California, relative to approval by the President of the United States of a project for the conservation of the waters of Yosemite Creek and the preservation of Yosemite Falls in Yosemite National Park, under the provisions of act of Congress approved March 31, 1933; to the Committee on Irrigation and Reclamation.

1073. Also, Senate Joint Resolution No. 22, State of California, relative to memorializing Congress to exempt from the provisions of legislation limiting hours of labor to 30 hours a week people engaged in the mining industry; to the Committee on Labor.

1074. By Mr. LINDSAY: Petition of American Association for Labor Legislation, New York City, urging support of House bill 4559; to the Committee on Labor.

1075. Also, petition of State Tax Committee of the California Municipal Utilities, San Francisco, urging support of the Johnson amendment; to the Committee on Ways and Means.

1076. By Mr. McCORMACK: Resolution of the Massachusetts State Senate, petitioning the President of the United States, in the interests of the public health and convenience, to continue the United States naval hospital and United States marine hospital, Chelsea, Mass., as necessary institutions of our Federal Government in the performance of the efficient and humanitarian functions for which they are especially adapted and fitted, because of location, equipment, and personnel, as clearly demonstrated by their long record of public service; to the Committee on Naval Affairs.

1077. By Mr. McFARLANE: Petition of Southwest Texas Oil & Royalty Owners' Association, recommending that proposed legislation in Congress for the regulation of the oil and gas business be given immediate consideration and adopted; to the Committee on Interstate and Foreign Commerce.

1078. Also, petition of the House of Representatives of the State of Texas, requesting the President of the United States not to appoint a dictator for the oil industry, so far as it may apply to the State of Texas; to the Committee on Interstate and Foreign Commerce.

1079. Also, petition of the Senate of the State of Texas, requesting the President of the United States not to appoint a dictator for the oil industry, so far as it may apply to the State of Texas; to the Committee on Interstate and Foreign Commerce.

1080. By Mr. MARTIN of Massachusetts: Memorial of the Senate of the State of Massachusetts, advocating the retention of the United States naval and marine hospitals at Chelsea, Mass.; to the Committee on Appropriations.

1081. Also, petition of Saul Odess and the Fall River Chapter of the American Jewish Congress, protesting against the persecution of Jewish nationals of Germany; to the Committee on Foreign Affairs.

1082. By Mr. RUDD: Petition of United Spanish War Veterans' Phoenix Camp, No. 1, Phoenix, Ariz., protesting against the provisions of the Economy Act, insofar as it affects Spanish War veterans; to the Committee on Appropriations.

1083. Also, petition of the American Federation of Labor, favoring the passage of the Peyser bill, H.R. 4559, and Senate bill 510; to the Committee on Labor.

1084. By Mr. TREADWAY: Resolutions adopted by the Massachusetts Senate, urging the continuation of the United States naval hospital and the United States marine hospital at Chelsea, Mass.; to the Committee on Naval Affairs.

SENATE

THURSDAY, MAY 18, 1933

(Legislative day of Monday, May 15, 1933)

The Senate sitting as a court for the trial of articles of impeachment against Harold Louderback, judge of the United States District Court for the Northern District of California, met at 10 o'clock a.m., on the expiration of the recess.

The managers on the part of the House of Representatives appeared in the seats provided for them.

The respondent, Harold Louderback, with his counsel, Walter H. Linforth, Esq., and James M. Hanley, Esq., appeared in the seats assigned to them.

The VICE PRESIDENT. The Sergeant at Arms will proclaim the Senate sitting as a Court of Impeachment to be in session.

The Sergeant at Arms made the usual proclamation.

THE JOURNAL

On motion of Mr. ASHURST, and by unanimous consent, the reading of the Journal of the Senate sitting as a Court of Impeachment for the calendar days of May 16 and 17 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ASHURST. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Kean	Reed
Ashurst	Costigan	Kendrick	Robinson, Ark.
Austin	Couzens	Keyes	Robinson, Ind.
Bachman	Cutting	King	Schall
Bailey	Dickinson	La Follette	Sheppard
Bankhead	Dill	Lewis	Shipstead
Barbour	Duffy	Logan	Smith
Barkley	Erickson	Long	Steiwer
Black	Fess	McAdoo	Stephens
Bone	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Townsend
Bulkeley	Glass	McNary	Trammell
Bulow	Goldsbrough	Metcalf	Tydings
Byrd	Gore	Murphy	Vandenberg
Byrnes	Hale	Neely	Van Nuys
Capper	Harrison	Norris	Wagner
Caraway	Hastings	Nye	Walcott
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pittman	Wheeler
Connally	Hebert	Pope	White

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from Georgia [Mr. RUSSELL] is absent in attendance upon the funeral of the late Representative Brand.

Mr. LEWIS. I desire to announce that the Senator from New York [Mr. COPELAND] is necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. BAILEY. I desire to announce that my colleague [Mr. REYNOLDS] is necessarily detained from the Senate by illness. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

EXAMINATION OF DOROTHEA A. LIND

Mr. Manager BROWNING. Mr. President, we want to call Miss Lind.

The VICE PRESIDENT. Call the witness.

Miss Dorothea A. Lind, having been duly sworn, was examined and testified as follows:

By Mr. Manager BROWNING:

Q. Please state your full name and your place of residence.—A. Miss Dorothea A. Lind, Oakland, Calif.

Q. What place did you hold with the Prudential Holding Co. in August of 1931?—A. I was secretary, treasurer, director, and member of the executive committee.

Q. Do you recall the appearance of Mr. Gilbert and Mr. Dinkelspiel in that office on the 15th day of August 1931?—A. I do.

Q. About what time of day did they arrive?—A. At approximately 1 o'clock.

Q. Who was in the office at that time?—A. I, myself, was in the office.

Q. Anyone else?—A. No, sir.

Q. What time that day was Mr. Stephens there?—A. About 1 o'clock.

Q. But he was not present when they came in?—A. I do not believe he was.

Q. How soon afterward did he come in?—A. Within a very few minutes.

Q. When Mr. Gilbert and Mr. Dinkelspiel appeared, to whom did they address themselves—to you or Mr. Stephens?—A. Mr. Stephens.

Q. State just what occurred between them and Mr. Stephens and you at that time.—A. I had prepared to leave the office early that day in order to get back in time to complete a telephone call to Mr. Hawkins. I was waiting for a call in answer to my call to him, which I had put in in the morning. He was out of the city. As I was preparing to leave I met Mr. Stephens half-way across the room, who stopped me on the way and said, "Miss Lind, we have to leave the safes all open."

Q. Did he have anything with him at that time?—A. He was holding a paper that had been presented to him over the counter.

Q. What did he say about it?—A. He said, "What is this all about?" He said, "Can you tell me what this is all about?" I said, "No; you have it. It was given to you. You read it and then tell me. I will be back in a few moments."

Q. Did you return in a few moments?—A. I returned within 10 or 15 minutes.

Q. What did you find out about it when you returned?—A. I found out that it was a court order appointing Mr. G. H. Gilbert as receiver of the Prudential Holding Co. of Los Angeles.

Q. What request was made of you at that time, if any?—A. The first request was to leave all safes open.

Q. To whom was this request made?—A. It was made to me.

Q. What was your reply to that?—A. My reply was that the safes that belonged to the Prudential Holding Co. were locked. The other safes belonged to other corporations located on the premises.

Q. Were those other corporations located in the same room with the Prudential Holding Co. office?—A. They were.